

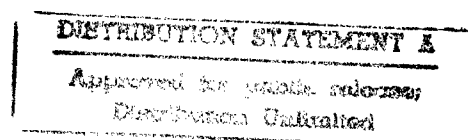
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4 JUNE 1991



JPRS Report

East Europe



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INTERNATIONAL AFFAIRS

Croatia's Tudjman Interviewed on Balkan Affairs

AU3105173891 Sofia DEMOKRATSIYA in Bulgarian
24 May 91 pp 1, 6

[Interview with Franjo Tudjman, president of Croatia, by Lyubomir Gorinov and Svetlana Bakhchevanova; place and date not given: "I Wish Your Nation Democracy"—first paragraph is DEMOKRATSIYA introduction]

[Text] We were shown into an office whose walls are decorated with portraits of the past. One one wall we saw the portrait of Ban Josip Jelacic, with the inscription 1848-59. It is a household name in Croatia, revered by all of its citizens. On the other walls we saw portraits of historical figures from the even more remote past, such as Herman II (Ban of all Slovenia, with the date 1406 inscribed), Nikola (King of Croatia, Dalmatia, and Slovenia—1659), and so forth. Facing the portraits, at the opposite side of the table, sat Franjo Tudjman, present-day hero of Croatia, former dissident, and current president of the Republic, which may soon become an independent state, a fact that prompted our first question:

[DEMOKRATSIYA] What are your intentions concerning future relations with the other Balkan countries under the two possible options—either Croatia becoming a member of a "new" Yugoslavia (namely a federation of sovereign states) or Croatia becoming a separate state?

[Tudjman] Croatia and Slovenia share common views on their federal project. We are talking about establishing a union of sovereign states, namely about preserving Yugoslavia under a new status of relations between the republics. However, Croatia and Slovenia both declared as early as when submitting the project that they are in favor of the union being open to other states that may be willing to join us, considering that the integration that leads to Europe—a fact that is understood and should be realized—may include the southeastern part of the continent, the Balkans included. In the case of such a form of integration, our cooperation with Bulgaria would be desirable in light of the fact that we would once and for all put an end to the illusion of "Yugoslav unity and fraternity," this idea being evidently outdated. For this reason, we would welcome cooperation with Bulgaria and with other neighboring countries, and we would approve the establishment of an association such as a regional union along the path toward united Europe.

[DEMOKRATSIYA] In our country, you were known as a dissident. Today you are the leader of democratic Croatia. What kind of advice would you give the Bulgarian democrats, knowing that we are also still in the "middle of the road"?

[Tudjman] I agree that we are both "in the middle of the road." Nevertheless, the half-road that we have covered is marked by a slightly greater democratization of society. Therefore, if you permit me to say so (considering all you have achieved in Bulgaria), I would wish democracy to Bulgaria, as a whole, and to all those parties and groups that are struggling for the victory of democracy in your country; I hope that this victory may be achieved as soon as possible and as successfully as possible. I say all this with the awareness that, from our point of view and from the European point of view as a whole, the change from the old state of affairs in your part of Europe seems to be proceeding somewhat more slowly. Additional difficulties also exist that no longer affect the western part of Yugoslavia, but, in Serbia and Montenegro, for example, the Communists who renamed themselves Socialists won the elections. In those areas, the problems of implementing democracy still seem to exist, just as in Romania. As far as your country is concerned, you mentioned yourself that the democratic forces in Bulgaria are still in the opposition.

For precisely this reason, we would wish that the democratization process in Bulgaria may be accelerated. I emphasize this fact precisely because of the traditionally good relations existing between Bulgaria and Croatia.

ALBANIA

Draft Statute of Albanian Workers Party

91P20346A Tirana ZERI I POPULLIT in Albanian
7 May 91 pp 2-3

["Text" of draft statute of the Albanian Workers Party, PPSH]

[Text] The Albanian Workers Party [PPSH], in the pluralistic and multiparty Albanian society, is an independent political organization which unites, on a voluntary basis, citizens of the Republic of Albania, for the achievement of its program, supported by the best national traditions, human values, and socialist ideals. The aim of the Workers Party is to build a free and democratic society, in which there is social justice, in which each person will be valued on the basis the work he does and the role he plays in the progress of society, in which the material and intellectual life of the people will be continually enriched, ensuring conditions for the free and comprehensive development of the individual. It will work for a free, independent, and sovereign Albania, as an active participant in Balkan, European, and world events.

The Albanian Workers Party expresses and protects the interests of the working class, the peasants, the intelligentsia, and other social classes, which aspire to the alternative of a democratic and human society, unceasing progressive development, national unity and interests. It supports cooperation with other political parties within and outside the country which are in favor

of social progress, the protection of the freedom, independence, and sovereignty of the country.

The Albanian Workers Party carries out its work on the basis of a program and a statute. It carries out its activity by observing the constitution of the Republic of Albania [RSh] and the laws of the law-governed state.

I. Party Membership—Duties and Rights of the Party Member

1. Any citizen with permanent residence in the RSh, who is at least 18 years of age, who accepts the party program and statute, who belongs to a grassroots organization, and regularly pays the stipulated membership dues can be a member of the Albanian Workers Party.

2. The PPSH member has the obligation to work for the achievement of the aims of the party program and line and to propagandize them among the broad masses of the people:

- to work for the strengthening of the unity of the people, the protection of the freedom, independence, and sovereignty of the country, to protect and develop the homeland's traditions, to be an active militant for democracy and progress;

- to observe and implement the party statute, its decisions, the laws of the law-governed state and the norms of social morality, to protect party secrets and to be exemplary on the job, in the family, and in society.

3. Party members are equal in the party. The party member has the right to participate freely in the discussion of the domestic and foreign policy issues of the party and of internal party life and in formulating the line and decisions of the party, in meetings or in the party press:

- to vote and to be elected in the leading party organs, to become familiar with the activity of these organs, to make evaluations, to criticize, in party meetings, any party organ and any one of its members, regardless of his position, to make comments, complaints, and proposals to any party body and to receive a response;

- to be present on all occasions when the comments and proposals which he has made are discussed in the grassroots organization and when a decision dealing with his activity or behavior is issued in the party organs;

- to participate in various organizations and associations, whose activity is not in conflict with the party program and is in accordance with the laws of the law-governed state. The PPSH member cannot belong to any other political party.

4. Admission to the PPSH is done on an individual basis, at the request of the person who wants to join the party. Persons of all classes and strata, regardless of nationality,

race, and gender, with a pure moral character, who enjoy respect, can be admitted to the party.

The decision to admit party members is made by the meeting of the grassroots organization and goes into effect immediately. When it is absolutely necessary, the decisions of the grassroots organization are reviewed in the bureau of the district party committee or in the party committee of the zone [rajon]. The person concerned also participates in the review of his application for party membership. Recommendations from two party members might be required in the case of persons who used to be members of other political parties, if the grassroots organization thinks this is necessary.

After the decision is made to admit him to the party, the party member is given a party card. The regulations for admission, registration, and movement of members from one party organization to another are stipulated in special instructions of the Central Committee of the PPSH.

5. When the party member commits serious deeds which are in conflict with the party statute and program, the grassroots organization, on its own initiative or upon the recommendation of a higher organ, after reviewing the transgressions of the member with justice and maturity, decides to expel him from the party. The decision goes into effect immediately, when more than half the members of the grassroots organization have voted.

Other measures such as a reprimand, a reprimand with a warning, dismissal from elected positions in the party, can be taken against party members for violation of party discipline, the laws of the state, and the norms of social morality.

The expulsion from the party of members of the Central Committee of the PPSH, the district party committees, and the party control and auditing commissions is decided ultimately by the organs in which they have been elected.

A party member has the right to appeal the decision to expel him from the party, to the district party control organs and up to the Central Control and Auditing Commission. The appeal is reviewed within a month of the date of its presentation. When these organs decide to readmit an expelled member to the party, his previous period in the party is recognized.

- In cases in which a party member does not carry out his party duties because of health problems, when he is employed outside the country in accordance with the laws, or when he is sent to work for a specified period of time in a sector in which party membership is prohibited, at his request, the grassroots organization has the right to decide that the member will be temporarily removed from party life and from the payment of dues.

- At his request, any member can leave the party. After reviewing his request, the grassroots organization

takes the member's name off the records and informs the district party committee.

II. Structure and Internal Democracy

6. The organizational structure of the PPSH and its activity are based on the acceptance of democratic centralism, on the basis of which the election of the leading organs from bottom to top is based, the unity between the interests of the party and those of each one of its members, the omnipotence of the masses of party members in regard to the leading organs, the conscious discipline for the implementation of the decisions of higher organs by lower organs and by all party members.

7. In their activity, the party organizations and the leading organs implement the principle of collective leadership, combining collective leadership with personal responsibility and initiative. Every important issue is resolved on a collective basis. Not equating unity with unanimity, the party guarantees for all members the free expression of their opinions, views, criticism, and self-criticism orally and in the press.

8. Decisions are made after the free thrashing out of opinions. Decisions approved unanimously or by a majority of votes are binding for all. The minority who voted against the decision have the right to express their views in meetings or in the party press and to seek the reexamination of disputed issues in the highest party organs.

—The decisions of higher organs are binding for lower organs and party organizations. For important issues of the party line, the leading organs, before making decisions, seek the opinion of party organizations and of the working masses. When there are conflicting opinions in these organs about making the decision, the issue should be discussed again and the decision is considered approved when more than three-quarters of the members of the respective organ have voted.

For major matters of party policy and for important decisions of the higher leadership organs, when there is opposition from the district party organs or when there is a disagreement within the Central Committee itself, there can be a broad discussion or a referendum in the entire party.

The discussion or referendum is carried out on the initiative of the Central Committee or at the request of no fewer than one-third of the party members.

9. The party organizations resolve local problems in an independent manner. When their decisions are not in conflict with the party statute, they cannot be invalidated by higher organs, with the exception of issues dealing with membership in the party.

10. The activity of the leading organs of the party is open to its members. Their decisions and materials are made known to party members by means of the grassroots organizations or through publication in the party press. These organs and their members provide an accounting,

from time to time, to the organizations which have elected or nominated them. They have the right to participate in the meetings of party organs and organizations which are under their jurisdiction and to utilize all the necessary documentary material. When it is absolutely necessary, the party organs can establish commissions to assist them on specific issues in which other workers, outside the party, can also participate.

11. The leading organs of the party are elected by secret vote. The ballot contains the names of more candidates than will be elected. All party members and delegates to the party conference and congress have the right to nominate candidates or to call for the removal of candidates presented. Candidates who receive the most votes, no fewer than one-half the votes of the participants in the elections, are considered to be elected. The regulations for carrying out elections for the leading party organs are stipulated by special order of the Central Committee.

The Grassroots Organizations

12. The party is constructed on the basis of territory and production. Its foundations are the grassroots organizations which are established in a residential area or work center, wherever there are at least three members.

The grassroots organizations are created by decision of the district party committee. They meet whenever it is deemed necessary, at least once a month.

13. The grassroots organizations of the party have the following duties:

- to carry on a comprehensive work of analyzing and implementing the party line and its program, decisions, and directives, while being closely allied with the working masses to ensure their support and assistance;
- to work to strengthen the party ranks and unity, to admit new members, to defend and respect the rights of members, and to require that each member carry out the obligations resulting from party membership;
- to organize the political and ideological education of party members and to be concerned about the continuing elevation of their cultural and professional level;
- to struggle against bad management in economic enterprises, agricultural cooperatives and other work centers, against the violation of laws, bureaucracy, and foot-dragging in the state apparatus and against favoritism, privileges, and any other harmful manifestation;
- to solicit and listen with attention to the opinions and demands of the masses, to work to put them into practice and to insist that the state organs improve the material and cultural conditions of the workers and fulfill their daily needs.

14. For the daily guidance of work, the grassroots organizations of the party will elect, by secret vote, a secretary and a deputy secretary. As a rule, the secretary of the grassroots organization cannot be elected more than two to three times in a row.

Meetings for elections and reports are held in the grassroots party organizations once a year.

Party Organizations in the Districts and Zones

15. The highest organ of the party organization in the district or in the zone is the district or zone party conference, and, during the period between two conferences, the district or zone party committee. The party committees in the zones are under the jurisdiction of the party committee of the respective district.

16. The ordinary conferences of the district or zone are convened every two years. An extraordinary conference is convened by decision of the party committee or at the request of no fewer than one-half the number of members belonging to the party organization.

The district or zone conference reviews and makes decisions on reports presented on the activity of the respective committee and of the control and auditing commission and on other matters of party work in the district or the zone; it elects the committee and the control and auditing commission in accordance with the number which it specifies itself. Members of the district or zone party committee cannot be elected to more than two conferences in a row. In special cases, there can be a third term if the candidate has received at least three-quarters of the votes.

The district conference elects delegates to the Albanian Workers Party congress and nominates candidates for the Central Committee plenum from among party members inside or outside the district.

17. The district committee, by secret vote and with alternative candidates, elects the bureau and secretaries of the district party committee, while the zone party committee elects the secretaries of the party committee. The number of members in the bureau is stipulated by the plenum of the party committee.

18. The district committee or the zone committee directs the activity of all the party organizations in which it operates and is responsible for the implementation of the party line and decisions. It organizes and approves the setting up of the organizational structure of the party for the residential area or the workplace, keeps the membership records, gives special concern to assisting, guiding, and monitoring the grassroots organizations in their political and propaganda activity with the masses, distributes the forces and funds of the party within the district or zone, manages the party treasury, and, from time to time, gives reports to the higher party organs.

19. The party committee cooperates with all the other political and social forces in the district to ensure good economic and social progress, peace and stability in the lives of the people.

20. The party committee attentively monitors the work of the state and economic organs, regardless of the political forces in power, and provides them support in their efforts to strengthen the economy and to protect and implement the regulations of the law-governed state. It also opposes the bureaucratic and arbitrary actions of managers and administrators and decisions which conflict with the interests of the working masses.

21. The plenum of the party committee meets at least once every three months while the zone committees meet at least once a month. Party activists on the district or zone level can be held for specific important issues.

22. The auditing and control commissions in the districts and zones elect a chairman and a deputy chairman by secret vote. Following are their duties:

- They monitor the speed and accuracy of the implementation of the regulations established for the examination of issues, demands, and complaints, and the protection and administration of the documentary materials of the party in the apparatus of the party committees. They monitor the implementation of norms on party discipline and other rules for the membership.
- They check, examine, and make decisions in regard to the appeals made by party members against the decisions of the grassroots organizations in regard to expulsion from the party and other punitive measures.
- They monitor the party treasury and the implementation of the regulations regarding dues.
- They report on their activity to the party Central Control and Auditing Commission.

Higher Organs

23. The highest organ of the Albanian Workers party is the party congress. Ordinary congresses are convened, as a rule, every two years. Extraordinary congresses are convened by the party Central Committee on its initiative, or at the request of at least one-third of the members of the party.

The convocation of the party congress and the agenda are announced at least two months ahead of time. Delegates to the party congress are chosen by the district party conferences, according to the norm for representation set by the Central Committee.

The Congress hears, examines, and approves the reports of the Central Committee and the Central Control and Auditing Commission of the party; it reviews the program and statute; it determines the tactical line of the

party on major current issues; it elects the Central Committee and the Central Control and Auditing Commission.

24. The Central Committee plenum is elected by the party congress with the number of members decided by the congress. It meets from time to time, depending on the problems, but no less than every three months. The members of the party Central Committee cannot be elected to more than two congresses in a row. In certain cases, they can be nominated for another term, on the condition that the candidate, in a secret vote, receives no less than three-fourths of the votes.

25. The Central Committee plenum elects, by secret vote and with alternative candidates, the Politburo, the Secretariat, and the first secretary of the Central Committee.

26. Between congresses, the Central Committee organizes and guides the entire work and activity of the party, represents the party in relations with other parties, with organizations, associations, and institutions within and outside the country, creates party enterprises and monitors their activity, organizes and guides various institutions and the party press, develops the cadre policy of the party, distributes the forces and resources of the party, and manages the central treasury.

27. For important matters of party policy, in the period between the congresses, the Central Committee plenum convokes the national conference of the party. The delegates to the National Conference are elected by the expanded plenums of the district party committees, according to the norm for representation set by the Central Committee. The national conference of the party has the right to hear the reports of the Central Committee and of the party Central Control and Auditing Commission on their shared activity, to renew up to one-third of the Central Committee and to make essential decisions for the party in the framework of its long-term program. When it is deemed necessary, the party Central Committee can convoke a national aktiv and establish commissions with the participation of party members and other workers, to study and resolve important issues of party work.

28. The Politburo, the Secretariat, and the first secretary direct the work of the Central Committee between plenums, organize and direct the everyday activity of the party, monitor the implementation of decisions, decide on the structure of the Central Committee apparatus and of other central party institutions, approve the creation of party committees in the zones, and issue guidelines and instructions in accordance with the party statute and with the decisions issued by the leading organs.

29. The Central Control and Auditing Commission elects, by secret vote, a chairman and two deputy chairmen and, as rule, meets at least every two months. It has the following duties:

—It monitors the speed and exactness of the implementation of regulations established for the examination

of issues and of requests and complaints in the apparatus of the Central Committee and in the organs and the grassroots organizations; it calls to account party members who violate the party statute, its discipline, the laws of the state, and the norms of social morality, and, according to the seriousness of the transgression, it takes measures which extend as far as expulsion from the party.

—It checks, reviews, and makes decisions on appeals made by party members against the decisions of the district and zone control and auditing commissions, in regard to expulsion from the party or other punitive measures.

—It monitors the central party treasury and dependent institutions as well as the implementation of regulations on dues.

III. Party Members in Elected Organs of the People's Government and Social Organizations

30. The Albanian Workers Party carries out its political line in the state organs by means of elected members. It works to ensure political leadership in society by means of free, pluralistic elections in the People's Assembly and in the district, city, and village peoples councils. The party organs and organizations, relying on the opinion of the working masses, recommend party members and supporters for election as deputies and council members; they prepare and proclaim election programs, help to organize the election campaign, make preelection agreements with other sociopolitical organizations and, when they think it necessary, they support candidates for deputy or for council member whom they have recommended.

31. Party members elected to the People's Assembly, the people's councils, and other forums are organized in party groups. They have the task of working for the implementation of the party program in these organs. The group elects a secretary to carry out its work.

32. The party groups are under the jurisdiction of the appropriate party organs (the Central Committee of the Albanian Workers Party, the party committee in the district or zone). Party members elected deputies in the People's Assembly and in the district peoples councils have the right to participate in meetings of the plenum of the Central Committee and of the district party committee.

The Party and Other Sociopolitical Organizations

33. The Albanian Workers Party carries out the policy of cooperation with other sociopolitical forces which are working for the strengthening of the unity of the people, for the protection of the freedom and independence of the homeland, for democracy, social justice, and progress, on the basis of mutual respect for viewpoints and constructive debate.

34. The organs and grassroots organizations of the party are especially concerned about the youth; they try to

increase the influence of the party in the activity of the youth in order to involve them in carrying out the party program and policy, the party considers the Union of Working Youth of Albania to be the best reserve for increasing its ranks with new members.

35. The party maintains mutual contacts with all progressive parties and political forces in the world who are working for a democratic and progressive social system, who respect the freedom, independence, and integrity of our fatherland and who express an interest in the political program of our party for the democratic and social development of the country.

IV. Financial Resources

36. The financial resources of the party and its organizations consist of membership dues, income from party enterprises, sociopolitical and publishing activities, assistance from party members and citizens, and other income which is not in conflict with the laws of the state.

37. The monthly dues for party membership are calculated on the basis of income:

- Those whose income is 500 leks or less pay two leks party dues;
- Those whose income is 501-800 leks pay 1 percent of their income in party dues;
- Those whose income is 801-1,000 leks pay 1.5 percent;
- Those whose income is 1,001-1,200 leks pay 2 percent;
- Those whose income is more than 1,200 leks pay 2.5 percent;
- For cooperative members working in production the party dues are three leks, while for students the fee is two leks;
- Persons who are admitted to the party pay 2 percent of their monthly income for a membership card while those who do not have any fixed monthly income pay five leks.

38. The financial results and the annual budget of the party are reviewed in the plenum of the Central Committee and the district party committees, and the grass-roots party organizations are informed. The district party committees are independent in the use of their budget, in the resolution of problems related to the structure of the apparatus, the publications of the press, and in finding different ways to increase revenues. But they do not conflict with the interests of political work and the law. By special decision, the party committees have the right to use a specified percentage of the revenues from party dues to finance activities of grass-roots organizations and, in special cases, for individual assistance to members.

BULGARIA

BSDP Official Discusses SDS Unity

91BA0708A Sofia SVOBODEN NAROD in Bulgarian
15 May 91 p 3

[Interview with Valentin Mladenov, secretary of the BSDP, Bulgarian Social Democratic Party, in charge of social democratic theory and ideological education; place and date not given: "Differences Should Not Be Suppressed"]

[Text] [SVOBODEN NAROD] Mr. Mladenov, the extraordinary session of the BSDP [Bulgarian Social Democratic Party] National Committee approved the line of developing the ideological and political aspect of the party within the framework of the democratic opposition. What are the objectives?

[Mladenov] To us this is a matter of prime importance. Delineating the ideological and political aspect of each party within the SDS [Union of Democratic Forces] in our view broadens the influence of the coalition as a whole. This approach offers broader choices, consistent with the political preferences of the voter. Depicting the SDS exclusively as being anti-BSP [Bulgarian Socialist Party] limits the range of the association and thus offers the Communist Party an opportunity to remain in power longer. Furthermore, in addition to their own concepts concerning the solution of various social problems. Differences, although they do not affect the essential trend of the democratic process, are a fact that should not be suppressed or ignored. To us they are a manifestation of the natural pluralism existing within Bulgarian society today.

[SVOBODEN NAROD] A number of SDS supporters have expressed the fear that the creation of the SDS-Center marks the beginning of the splitting of the coalition.

[Mladenov] Two or three weeks before to the establishment of the SDS-Center, the creation of a right-wing bloc within the coalition was announced. We not only did not oppose but even welcomed the development of different ideological trends within the SDS. They do not question either the unity or the objectives of the alliance.

[SVOBODEN NAROD] Many Social Democrats insist on a more categorical demarcation between the BSDP and the BSP.

[Mladenov] Our members react to this problem rather emotionally, mostly because of the speculations by the former Communist Party concerning concepts and the systematic stealing of our ideas. Here is an example: Even a concept such as "democratic socialism" was adopted by the international social democratic movement in 1951 precisely as a rejection of the criminal communist practices in Eastern Europe. Let us not forget that the communist regime meant total rejection of

precisely the social democratic ideal of a free, just, and cohesive society. Therefore, in this case, there could not even be a question of any similarity. Conversely, this applies to an essential incompatibility. Naturally, the problem has another dimension, as well—the social democratic mimicry practiced by the BCP/BSP. At this point, I would like to state firmly that the Bulgarian Social Democrats will not abandon their political principles and ideas merely because others try to hide their dirty intentions behind them.

[SVOBODEN NAROD] The BSP, however, claims that it is changing....

[Mladenov] What is already obvious to all is that the BCP was unable to become the BSP. Those who truly wanted to change the party met with the impenetrable opposition of the party *nomenklatura* and, subsequently, the tremendous majority left the party ranks. The predominant part of those who remained has never wished a change. To them, this remains the Party, with a capital "P," regardless of its name or ideological facade. As to its *nomenklatura*, it has never had an ideology other than power, or another way of maintaining it other than manipulating with fear.

[SVOBODEN NAROD] Some members of the opposition, as well, have blamed the BSDP. Do you accept their charges of conciliationism, betrayal, and so forth?

[Mladenov] Such accusations are absolutely groundless. Furthermore, in my view, they are serving the interests of the BCP exclusively and are an attempt to undermine the unity of democratic forces. Nonetheless, the BSDP will continue to support the parliamentary transition to democracy and the legislative dismantling of totalitarian structures. We shall also offer an alternate way of resolving the present economic crisis. To us, the social approach is a primary task and, at the same time, our most distinctive characteristic. The difference between the social demagoguery of the communist *nomenklatura* and the real nature of a socially oriented market economy is, I hope, clear to all.

ASP Renamed 'Alternative Social Liberal Party'

AU0106201691 Sofia BTA in English 1924 GMT 1 Jun 91

[Text] Sofia, June 1 (BTA)—At its Second Congress which ended here today, the Alternative Socialist Party adopted a resolution with which it changes its name to Alternative Social Liberal party.

The document supports the initiative for convening a Third National Conference of the Union of Democratic Forces and suggests that it take place in mid-June.

The party expresses non-confidence in all M.P.'s who remained in the Grand National Assembly, saying that with their presence in parliament "they serve only the slowing down of the democratic process."

NSDP's Mikhaylov Analyzes Political Situation

AU3005084691 Sofia DEMOKRATSIYA in Bulgarian
23 May 91 p 3

[Article by Dr. V. Mikhaylov, chairman of the National Coordinating Council of the the New Social Democratic Party, NSDP: "For Whom Is the Social Revolution Over?"]

[Text] In our country, a social revolution is taking place to bring about RADICAL CHANGE IN THE SYSTEM. There are two fundamental issues: political power and property.

Political pluralism is not yet a solution to the problem of political power, which remains in the hands of the Bulgarian Socialist Party [BSP].

Where the question of property is concerned, then, on the basis of the BSP's views and the "ideology" of the Union of Democratic Forces-Center—the leadership of the Bulgarian Social Democratic Party—the genuine tendency is to turn "all-people's" state property into "all-people's" shareholder property—that is, the creation of the phenomenon property without an owner. The same fatal demagoguery is in progress that destroyed genuine private property in 1947 in the name of "social justice" and paved the way for the national catastrophe.

The conclusion that can be drawn in this connection for the leaderships of the parties and organizations remaining in the Grand National Assembly is that the social revolution is already over, and a status quo is left to be strengthened by legislation, no different from "perestroyka," which has already fulfilled its aims.

The Grand National Assembly, which consists of the BSP Communists and SDS [Union of Democratic Forces] Socialists, cannot undergo more than a cosmetic change based on the Asian socialist model of social change—that is, it cannot exceed the socialist boundaries or guarantee a radical nonsocialist reform through legislation.

The million people who voted in June 1990 and did not vote with the red ballot of the Socialists gave a vote against socialism in all its forms.

In this sense, the only democratic and civilized way to radical reform of the system is to continue the socialist revolution at a normal pace through a new parliamentary election, the date of which needs to be set soon.

The New Social Democratic Party [NSDP] stands behind the declaration of the SDS parliament members who walked out of parliament, and considers their stance as the most appropriate of the current historic moment.

SDS Electoral Club Officer on 'Brain Trust'

AU0206195691 Sofia DEMOKRATSIYA in Bulgarian
27 May 91 pp 1, 3

[Interview with Khristo Ivanov, deputy chairman of the Central Electoral Club of the Union of Democratic Forces, SDS, by Petur Milanov; place and date not given: "Inside the SDS Brain Trust"]

[Excerpts] [Milanov] Mr. Ivanov, can you describe the internal structure of the Central Electoral Club?

[Ivanov] The operational staff of the Central Electoral Club consists of approximately 20 representatives from all formations of the Union of Democratic Forces [SDS], who are on the payroll. The secretariat, communications, technical personnel, a National Coordinating Department, the financial department, the bookkeeping department, the car pool, and a few other services are under our management. We are expected to establish a propaganda section and an SDS press center, whose staff is not envisaged to exceed a dozen persons. We have a network of coordinators throughout the country in nearly all cities. I would like to point out that only the coordinators stationed in the okrug and oblast centers are on the payroll.

[Milanov] Nevertheless, according to law, the political forces in the country should work under equal conditions. However, even following the last elections, which were declared as democratic, the starting positions were not equal.

[Ivanov] The situation has not changed in this respect, and injustice still exists. A year and a half after the alleged transformation of the Bulgarian Communist Party [BCP] into the Bulgarian Socialist Party [BSP], the same party still keeps the property it stole from the state and the people while nominating other parties that look back upon an honorable past and traditions, that have thousands of supporters today, and that in the past were oppressed and even physically destroyed by the BCP, such as the Nikola Petkov National Agrarian Union, the Bulgarian Social Democratic Party, the Democratic Party, and the Radical Democratic Party, for example, are obliged to cope with great material and financial difficulties today. The SDS should not allow the Communists to further prolong material hardships and to send it to the next election campaign. [passage omitted]

[Milanov] What are your forecasts for the future?

[Ivanov] Our plans, such as our program, are subject to scientific or working assumptions. The used method methods, which differ from those of the Central Geographic Institute and of the National Center for Public Opinion Research, but the results of all similar polls and investigations confirm certain objective trends. A general withdrawal of Bulgarian voters from political activities has been observed, a certain passivity and disengagement of the electorate in all political forces related to the specific political and economic situation in the

country is noticeable. In our opinion, the voters of the two major political forces are currently reduced to their natural nuclei, which means that approximately 35 percent of the voters support the SDS, while approximately 20 percent of the electorate supports the BSP. Experts' opinions, however, show that, if the opposition should intensify its activities and take the initiative, the ratio would drastically shift to the advantage of the opposition. [passage omitted]

[Milanov] What do you consider as the most important topical issue in the current SDS strategy?

[Ivanov] It is the requirement for a prompt and precise evaluation of the results of the SDS National Conference. The basic conclusions drawn from the conference are unmistakable. According to them, members of the local regional SDS organizations, guided by their healthy political instincts and common sense, are convinced that the SDS must appear at the coming elections as a united political force with a common election strategy. This fact also involves the view of the local organizations on suppressing by all means the internal political preferences as a guarantee of nominating our most eligible and most highly qualified candidates, who have distinguished themselves by their high moral standards. [passage omitted]

[Milanov] What would you describe as the most essential requirements for the present SDS campaign?

[Ivanov] We should oppose our realistic approach and positive thinking to the populism and demagogic tricks of the BSP. This should be the basic issue of our platform. We will give the Bulgarian voter the chance to elect a new Bulgaria, a country that will no longer be affected by an acute brain drain and by the mass exodus of our children, a country that will finally earn the confidence of the world. The choice is communism or no communism.

CZECHOSLOVAKIA**U.S. Consulate in Bratislava Reopens**

AU2905120291 Prague CTK in English 1602 GMT
27 May 91

[Text] Bratislava 27 May (CTK)—"Just as the closing of the American Consulate in 1980 was one of the symptoms of the advance of communism in Central Europe, its reopening is one of the symbols of communism's decline."

With these words, Slovak Premier Jan Carnogursky welcomed today the opening of the U.S. Consulate in Bratislava by U.S. Ambassador Shirley Temple Black. The ceremony was also attended by Czechoslovak Foreign Minister Jiri Dienstbier, Chairman of Slovak Parliament Frantisek Miklosko and Chairman of the U.S. Senate Foreign Relations Committee Claiborne Pell, the last official to serve here as the U.S. consul.

Temple Black said the consulate would serve to implement the U.S. Government's policy toward Czechoslovakia in the Slovak Republic, and that Slovakia would get its fair share of all the advantages accruing to Czechoslovakia from its relationship with the United States.

Forty-one years ago—two years after the communist takeover in 1948—the American flag was taken down from this building and stored away to wait for this moment, said Temple Black. Forty-one years ago, Czechoslovakia was shrouded in political darkness, now we greet your triumphant return to sunny freedom. America is again by your side.

Minister Dienstbier, the first guest to speak after Temple Black, said the opening of the consulate was very satisfying for him as he has been trying since he entered his current post to have as many consulates as possible opened in Bratislava. "For more than 40 years we lived in a regime that not only prevented us from living democratically, but also did much damage to our mutual relations (with the United States)."

Carnogursky added that the presence of Senator Pell proved that political change for the better is possible to achieve during the span of a single person's lifetime.

Newspaper Calculates 1948-89 Regime Casualties

LD2805190191 Prague CTK in English 0802 GMT
28 May 91

[Text] Prague 28 May (CTK)—More than 260 Czechoslovak citizens were executed, some 9,000-10,000 murdered, shot dead, beaten to death, or killed otherwise during arrests, illegal border crossings, in prisons or labour camps in the course of the 41 years of the Communist regime in Czechoslovakia, Czech weekly REFLEX has said.

In the last part of its series called 'The Communist Genocide' the weekly also said that in 1948-60 about 1,800 Czechs and Slovaks disappeared without any trace (in 1960 the then president Antonin Novotny declared amnesty concerning political prisoners).

Parallel with the series published in REFLEX the Czechoslovak Federal Assembly denounced the Communist regime in Czechoslovakia (from February 1948 to November 1989) as "illegitimate and worthy of condemnation."

Prague Rejects Sudeten Germans' Demands

AU2205145391 Munich SUEDEUTSCHE ZEITUNG
in German 22 May 91 p 2

[Text] Prague—The demand made by the Sudeten German Expellees' Association at its traditional Whitsun meeting in Nuremberg for active participation in the negotiations about the German-CSFR neighborhood treaty has caused anti-German sentiments to erupt

for the first time since the "Velvet Revolution." A wave of outrage has spread in particular among the CSFR press.

CSFR Foreign Minister Dienstbier ruled out direct involvement of the Sudeten Germans in the negotiations. He stated that Prague is negotiating with the Bonn government and not with the expellees' association. He gave assurances that the expellees are not demanding the property of CSFR citizens. In addition, the CSFR laws do not provide for compensation for expropriations before the Communists assumed power in 1948. The majority of the Sudeten Germans had to leave the country by the end of 1946.

The independent Prague newspaper METROPOL wrote on Tuesday: "The Sudeten German expellees' associations are not some sort of generally useful association but a real political power. One may dispute their importance, but one cannot ignore it. Franz Neubauer (the spokesman of the expellees' association) continually wants to wash laundry that no one wears anymore. He wants a return of Sudeten German property; only then could one march to Europe under the flag of reconciliation. His script did not leave any room for losses on the Czechoslovak side."

SVOBODNE SLOVO, the newspaper of the Czech Socialist Party, carried a headline over five columns: "Again We Are Worried by Voices of Revanchism." The paper writes: "Neubauer's argument that the CSFR does not have any claim to compensation for damage suffered during the war, because it—hear! hear!—was not in a state of war with Hitler's Reich, is absurd. After all, it was occupied by Hitler! Its troops fought side by side with the Allies at the western and the eastern front, in air battles and in ground operations, on French, Soviet, and African soil, and also on Czechoslovak territory. From the first days of the occupation, there was organized resistance. If one speaks about Czechoslovak-German understanding, the quasi-ultimatums posed by the most conservative circles of the expellees' associations are unacceptable."

The communist newspaper RUDE PRAVO writes: "A few weeks ago we were accused by various newspapers and also by officials of turning the issue of the Sudeten Germans into a nightmare. Now it is clear: The expellees' associations have their own concept of how the complicated historical German-Czechoslovak relations can be solved, and it is also clear that one cannot simply shrug them off."

LIDOVE NOVINY, the newspaper founded by President Vaclav Havel writes: "The flagship of the Sudeten Germans, the Pan-Germanic ideology, was sent to the slaughterhouse as early as in 1945. The changes in the way of thinking, which occurred spontaneously among the (Sudeten German) grassroots, are not recognized by their leaders, who are professional expellees. On the weekend the expellees' spokesman presented a catalogue of demands to the CSFR, uncompromising and radical.

They are unacceptable. His demand to return the property seized as of 1938, obviously also that which was aryanized by the Sudeten Germans, exceeds even FRG laws. If Mr. Neubauer wants to participate in the negotiations about the German-Czechoslovak treaty, he would have to have the trust of both sides. We believe that he is not trusted by any side."

CSSD Criticizes Tolerance of German Demands

LD2905004891 Prague CTK in English 1405 GMT 28 May 91

[Text] Prague 28 May (CTK)—The Czechoslovak Social Democratic Party [CSSD] today criticized the Association of Social Democrats [ASD] for being too tolerant to the property claims made by the Sudeten German Landsmannschaft on Czechoslovakia.

ASD formed itself on Saturday from the Social Democrats' Club of the former Civic Forum. Its leaders, including Chairman Rudolf Battek, have reservations about the CSSD leadership, claiming that its leadership allowed the party to be infiltrated by communists and is directing the party by communist methods.

At a press conference, CSSD leaders criticised ASD for seeking cooperation with rightist parties in uncritically supporting the government's economic reform.

CSSD presidium member Ivan Fisera said, however, he would favour the cooperation of the two social democratic parties in the framework of the parliamentary clubs.

CSSD disagrees with the public naming of all persons found by the screening process to be on the files of the former STB secret police. It called for a definition of institutions and functions which will require their prospective employees to have clean records, confirming they have not been STB collaborators.

HUNGARY

Next Round of 6-Party Talks Postponed Again

LD2805200391 Budapest Kossuth Radio Network in Hungarian 0500 GMT 28 May 91

[Text] The round of six-party coordinating talks planned for yesterday was postponed again. According to NEP-SZABADSAG, it was necessary because the Federation of Young Democrats received a belated letter that described the conceptions of the Hungarian Democratic Forum. At the same time, the MDF [Hungarian Democratic Forum] still insists that the possible agreements should be signed not by the chairmen of the parties but by the appointed delegates of the parties, although the talks were interrupted last Monday because of this precise issue.

ROMANIA

Defense Says Sentences of CP Officials 'Correct'

97BA0559A Bucharest TINERETUL LIBER in Romanian 6 Apr 91 pp 1, 3

[Interview with Attorney Paula Iacob by Virgil Mihailovici; place and date not given: "According to the Evidence, the Sentences Are Correct!"]

[Text] The trial of the former Communist Party Executive Council members resulted in five acquittals and five suspended sentences. The remaining sentences have created a great stir. 11 guilty findings, with penalties of two to five and one-half years. The stir comes from the fact that public opinion, or at least most of it, expected something else. The name associated with this, shall I call it success, is that of Paula Iacob, the attorney who came into the limelight because she defended, and still defends, Nicu Ceausescu. In the trial in question, she defended Stefan Andrei, Nicolae Constantin, and Constantin Olteanu.

[Mihailovici] Mrs. Iacob, two points that cannot be denied: The fact that given the names of your clients, you are said to be the highest paid attorney, and the fact that public opinion is unhappy with the sentences handed down by the court.

[Iacob] One section of public opinion may have expected very heavy penalties, but it forgets one thing: why they were brought to trial in the first place. They were accused of genocide, an accusation that was left standing until the end of the trial, when the prosecution asked that it be changed.

[Mihailovici] But why did the prosecution have to wait for one year before changing the charges?

[Iacob] It is a customary thing, but the prosecution after exhausting all the testimony, could in fact have changed the charges earlier, and here I must add that while the prosecution testimony was very rich, it was almost nonexistent for the defense. Despite this, given the existing evidence, the sentence is just! I was particularly impressed by the judge because he truly applied the law as it should be applied. Some were surprised, and I found it ironic that one defendant was allowed to leave for his mother's funeral, another one because he had to move into his house; forgive me, but the law stipulates that exceptions can be made under special circumstances, meaning that they should be released. That it was not applied until now, that's perfectly true. But we should be pleased instead of bothered by the fact that a judge reads the law, independently of the one to whom the law applies. Even if I resent it, I must consider what is essential, and not where and to whom it applies.

[Mihailovici] But you see, the penalty is so slight compared to the fact that year after year everyone saw the defendants up on top; the people cannot forget, especially when they know what they went through...

[Iacob] For the offenses that were upheld, the punishments are normal. I have defended and am still defending another 8-10 men who are accused of genocide. For me, it was a matter of conscience to know whether it was genocide or not. I never studied a case as thoughtfully in my entire career; but here, because it concerned that many lives, I wanted to know. I lived through the Revolution in Bucharest, and spent a good part of the night of the 21st at Inter. The next day, I was among the first to reach the television station. I will tell you a secret: I was inside the door because they had asked for two lawyers who were not members of party. I saw Dumitru Popescu and General Militaru come in. In the case of the trial however, the fault lies with the prosecution. To begin with, it sent the file to the court, which placed these people under arrest and under trial. The accusation of genocide, therefore, rests with them. The fact that the charges were changed to instigation to murder with exceptional circumstances, also comes from the prosecution. The prosecution asked for an appeal; it wants it to be either genocide or this new charge.

[Mihailovici] Do you think that after the cases are closed, new factors could arise which could change the penalties in any way?

[Iacob] No. The appeal is in the file documents and in the evidence.

[Mihailovici] The people are indignant because for apparently much less serious acts, other offenders have received identical penalties!

[Iacob] Yes of course. We know of cases where those who were beaten with serious consequences, broken ribs and other lesions, helplessly watched the guilty being punished with a fine, while others were sentenced to three years in jail for saying "get lost" to a militiaman! In this respect, small offenses were punished "in an exemplary manner" from case to case, while major ones received only fines!

[Mihailovici] From these considerations, you can see how the people can feel that justice still works according to the former standards, and under the circumstances, they would be right!

[Iacob] In this case, the Communist Party Executive Council members were at first strongly affected by what was happening to them. Their situation was totally different, they were not used to it. As time went on, I managed to know them better, and the trial disclosed that none of them wanted Ceausescu to continue in power. And there probably is some truth to their statements that the personalities were harsher at the center of power, and that those who were close to him lived in greater fear than the rest of us, who were more removed. Locked up in prison, they became humans again, with all their human weaknesses. Some of their property was confiscated, and the court returned part of it. I've read that the people were incensed by this, but if they did not

behave like human beings, must we do the same? The great error that people make now is to think as before, and to hate as they did.

[Mihailovici] Nevertheless, why is it that a man like Verdet, who was also in the inner circle, is still free?

[Iacob] A man must not be arrested and tried for that, but because he committed crimes in his political role.

[Mihailovici] Very well. Those who were arrested and proven not guilty in this trial, are now entitled to ask for moral damages. Will they do it?

[Iacob] Maybe not, maybe yes.

[Mihailovici] Why maybe not?

[Iacob] If it were me, I would not ask for damages, and I'll tell you why: I would think that even before, people have been imprisoned by mistake! Given the times in which we live, and as a counterbalance, I don't think they will!

Coman's Letter to Stanculescu Published

91BA0684B Bucharest ADEVARUL in Romanian
7 May 91 p 2

["Text" of letter by Ion Coman: "From One Soldier to Another"—first paragraph is ADEVARUL introduction]

[Text] A few days ago we received a copy of a letter that Mr. Ion Coman, who is currently on trial for his participation in the events in Timisoara, on 17 March 1991 sent through ADEVARUL to General Victor Stanculescu, who at that time was the minister of defense. The then director of the newspaper refused to publish the letter without giving any reasons for his decision. As a partisan of having all the truth about the Revolution told, our newspaper today carries the letter, with its special references to the "Timisoara moment."

Esteemed General Victor Stanculescu,

I am addressing this open letter to you in a desire to make known the truth about some of the most important moments of December 1989 in which we were together involved. The Army and the people must learn and understand from us the reality as it was, not falsified or distorted, and then they will be able to more easily understand the origin of the confusion prevailing in our society and the reasons for which a large number of innocent people are wasting their lives behind bars. As we have seen, temporizing and delaying can only have nefarious consequences. Some problems should have been discussed and clarified decently, in a civilized manner, and in a spirit of truth in the very first few weeks of the postrevolutionary period.

In fact, I confess that for a long while after I was arrested, i.e., until May 1990, since I didn't have any means of information in detention, I thought that you, too, as well

as the other generals and officers who were in Timisoara in the days of 17-22 December 1989 on more specific military missions than I was, were unjustly sharing the self same fate as I. I thought that what was happening was an anachronism, but I was convinced that being innocent, together we would be able to soon make truth prevail. Later I was pleased to learn that many of the officers and generals who had been in Timisoara in those days were promoted in grade, and that you, too, had been promoted and appointed minister of national defense. That is when I gained greater faith and hope that the truth will be spoken sooner and that the frank dialogue you will have with the factors in power will lead to the clarification and edification of all the social forces, including the judiciary. Unfortunately, the situation took an inexplicable turn for me, contrary to any objective judgment.

In the belief that you will not mind hearing the troubles of former collaborators who overnight became defendants without evidence, I want to remind you that military honor and dignity and the oath we took before the country and people obligate all of us to be honest and correct in any situation and to unwaveringly serve truth. Military regulations require us to be honest with both our superiors and our subordinates.

You may recall that on 17 December 1989 around 1500 I met you at the airport together with Generals Guse, Cirneanu, and Nuta, and together we stayed to wait for General Chitac (unlike what you stated in your 27 February 1991 interview in FLACARA, to which I will refer later).

At that time I asked you what you knew about Timisoara; you answered what you clearly then stated in RENASTEREA BANATEANA of 4 May 1990, namely that "In Timisoara there are actions organized from outside aimed at destabilizing the country." That statement in RENASTEREA BANATEANA contradicts on the one hand your statement in FLACARA that General Chitac allegedly told us at the airport about the events in Timisoara, and on the other hand, the view you expressed in DEMOCRATIA No. 4 of February 1991 about the fact that "Milea was very tight with the information even toward us, his deputies." The latter view is undoubtedly not credible. It is obvious that General Milea, having set in motion such armed forces (after on 17 December, not 16 as you stated, there had been a parade of unarmed military detachments) and having dispatched there his main collaborators, had a clear idea not only of the serious danger in which Timisoara was, but implicitly of the danger that at the time threatened the entire country and our national integrity and sovereignty. In fact it was for that reason that Ceausescu that day declared a state of emergency in the municipality of Timisoara and ordered fire to be opened, an order that Gen. Milea accepted and conveyed to the military units immediately after noon, accompanied by the password "Radu the Handsome."

The above mentioned statement in RENASTEREA BANATEANA clearly contradicts another reason you gave in FLACARA, when you said that Gen. Milea sent

you to Timisoara because you were in charge of industry. As we all know, only one enterprise in Timisoara (IOT) [expansion not known] had a military representative, so that did not justify your travel there. That this was so was also proven by the fact that while you were in Timisoara you didn't go to any enterprise.

Another aspect worth mentioning is that already at the airport Gen. Guse told me that, as first deputy minister of defense, you were going to stay at the headquarters of the former county party committee at the order of Minister Milea; so that was a definite assignment decided in Bucharest, not a chance solution that emerged in Timisoara, as you let it be understood in FLACARA. As is known, you arrived uninvited at the headquarters of the former county party committee during the teleconference; the fact that I didn't know where you were is also attested by the fact that I didn't manage to secure, as I was told to do, the participation of the generals in the teleconference. The real significance of your presence at the headquarters was also reflected by the fact that on 20 December 1989, after the state of emergency was expanded to all of Timis County, Ceausescu appointed you sole military commander. You know that at that time I opposed the implementation of the decree on the state of emergency (not "proclamation," as you called it in FLACARA), and that we also assumed responsibilities that undoubtedly saved the lives of thousands of people and averted bloody acts of violence and confrontation, as well as destruction that would have had incalculable consequences for Timis County and especially for the city of Timisoara. It was also Ceausescu personally, not Milea, who called me up in the afternoon of 21 December 1989 and requested that you go to Bucharest urgently, where he said you were to be given important missions (at the time you were under the influence of the shot you mentioned in the FLACARA interview, which was given to you in the morning of 21 December 1989 at 0800 after the state of emergency decree was communicated, about which we already had decided not to implicate either the Army or the other forces of order).

And indeed, Ceausescu did not for a moment hesitate to entrust you with the command of the Army on 22 December 1989. Still, I was surprised to read in FLACARA how you "sent Ceausescu packing" without frankly telling him that the Army had no reason to use firearms because the demonstrators in the streets were peaceful. Would it not have been a braver solution to take advantage of the forces you had with you and under you to detain and try Ceausescu, in which case the presence of the Army would have averted bloodshed and the destruction of valuable national treasures like the Art Museum and the National Library and protected the lives of hundreds of innocent victims who fell after Ceausescu's removal?

You remember that as far as I was concerned, on 19 December 1989, also sensing Ceausescu's end to which you referred, I categorically told Elena Ceausescu and Emil Bobu—whereby I was taking a great responsibility—that as of that moment the soldiers no longer had any

reason to take action in the city because we were not facing vandals, but working people who were in enterprises preparing peaceful demonstrations. And as is known, on 19 December 1989 the workers organized manifestations in enterprises, but the extensive demonstrations in the city streets and squares took place on 20 December (not on the 19th as you inadvertently said). Constantin Dascalescu and Emil Bobu were also present in Timisoara on 20 December; they were met on arrival and escorted back to the airport by Constantin Nuta, not by you.

Another problem concerns the person of Lieutenant Colonel Zeca. Several times you placed your meeting with him at the signal battalion, although as you well know he met us at the airport when we arrived (around 1630, not 1600 as you said). You stood next to Gen. Guse when Lt. Col. Zeca reported that there was already shooting in Timisoara and that there had been fatalities by then. In your interview for FLACARA you admitted that from the airport all the generals—except for Constantin Nuta who, contrary to your statements, went with me directly to the former county party committee—went to the Interior Ministry Inspectorate (although in RENASTEREA BANATEANA you had said that you went straight to the 18th Division). Then, however, you failed to disclose the fact that at the Interior Ministry Inspectorate, Gen. Stefan Guse, faced with the utterly special situation he found in Timisoara, repeated, in your presence and the presence of other generals and high-ranking officers, the minister's order to open fire and to use every kind of infantry weapons.

Upon reading your interviews, like many informed citizens I felt a need to see you take a clear and honest position resting on facts and on the law.

Among other things, I am referring to the fact that in the newspaper DEMOCRATIA, asked by the reporter whether it was humane that imprisoned politicians and officers should be further sacrificed, you answered: "I am not in favor of punishing innocent people, but in any event I think that some people's innocence shouldn't come at the expense of serious damages to Romania, especially in a troubled situation like the present." If there is innocence, General, it stands on its own, it only needs to be recognized. Once again, I say that we are innocent because we didn't violate any pre-22 December 1989 law; on the contrary, we took upon ourselves responsibilities that will do us honor at a just trial. Unfortunately, however, such a trial still tarries.

Besides, I don't think that recognizing our innocence could cause great damages to Romania. The Romanian people in their wisdom understand increasingly better what is the truth and implicitly who the real guilty parties were. At the same time, I think that a "troubled situation like that present" which you invoked in the above-mentioned interview can be cleared only by honestly and frankly reporting the truth and by correctly informing the Army and the public. As minister of

national defense and as a direct participant in the events of Timisoara you have a noble obligation to do so.

In the same interview you clearly confirmed the statement of the DEMOCRATIA reporter that (in resolving these extensive legal farces) everything depended on "higher political reasons and judiciary wisdom." But as you know, General, one of the principles formulated already on 22 December 1989 in the platform of the National Salvation Front was the separation of powers in the state. Consequently, there is no room for "higher political reasons" when it comes to the law, to truth, freedom, and the lives of innocent people. And as for the "judiciary wisdom" you mentioned, it can demonstrate its existence by accepting the truth and releasing from prisons people shoved there unjustly, illogically, and without evidence, rather than by adopting undignified and patently vengeful compromise solutions. One of the currently harshly criticized practices of the old regime was mixing politics in specifically judiciary issues. However, replacing truth by a formula along the line of "higher political reasons" is a regression that means promoting incomprehensible attitudes in a democracy built on fairness, justice, and law.

Upon addressing this open letter to you I cannot help thinking of the Romanian Army, about the soldiers with whom I grew up and trained in dignity and honor as an officer, a general, and a man, faithfully serving the fatherland and the people.

From the Jilava prison hospital where I am ravaged by illness and close to the evening of my life, these may be the last thoughts I can put down on paper as a mark of profound respect, great love, and gratitude for the Romanian Army. My modest life was spent entirely under the combat banner of the Army.

Report on Antitotalitarian Forum Convention

91BA0631D Bucharest ADEVARUL in Romanian
16 Apr 91 pp 1-2

[Article by Andrei Alexandru on the Antitotalitarian Democratic Front convention held in Bucharest; dates of convention not given]

[Text] The third convention of the Antitotalitarian Democratic Forum of Romania [FDAR] held a three-day convention at the PSD [Social Democrat Party] headquarters. The following items were on the agenda: Report on activities since December 1990 to the present; discussions on the report; drafting a Proclamation to the Nation; statute modifications (such as the legal inclusion in the forum leadership of leaders of parties that have members in the forum in at least 10 counties); election for forum leadership positions.

The FDAR incorporates the following political and of course apolitical groups: PNL [National Liberal Party], UDMR [Democratic Association of Hungarians in Romania], PNT-cd [National Peasant Christian Democratic Party], PSD [Social Democrat Party], the Christian Democratic Union [UDC], the Romanian Ecology

Party [PER], Party of Democratic Union [PUD], Liberal Monarchist Party [PLM], the World Union of Free Romanians [UMRL], the Civic Alliance [AC], and the Association of Former Political Prisoners [AFDP].

The addresses covered a wide spectrum of views, from enthusiastic radicalism expressed in violent language—"Iliescu is to blame for the genocide," "Birladeanu is guilty of economic crimes, this entire team is made up of criminals" (Octav Radulescu); "This regime must be toppled now and quickly, lest it comes to destructive and grave measures. There should be a general strike" (FDAR chairman for Cluj); "We must stop being Moscow's chicken coop" (M. Zamfir); "The passive masses must be reawakened. Only street demonstrations demanding the resignation of the president, the prime minister, and Parliament give us a chance for the future" (E. Pasca); "The country is ruled by those who brought in communism in 1946. The government must be made up only of members of the opposition, without the FSN [National Salvation Front]" (FDAR delegate for Caras-Severin)—all the way to political clearheadedness and realism.

Here are several statements from the latter category: "I agree with what you said (in reference to the address of the Caras-Severin delegate), but this kind of talk can seriously harm the country. You are largely right, but that should be kept in your heart. To come to something we are dutybound to utilize all the factors. It is extremely difficult to pull Romania out of its present spot" (Radu Cimpanu); "Throughout my activities all these years I was an anticommunist and I belong to the opposition as a matter of principle. At many opposition meetings the perception of the domestic situation was not realistic. Currently it is almost impossible to conceive of a government without the FSN. Such a government could be very efficiently sabotaged. Consequently, I believe that we need a real national unity government" (Fred Nabadan, FDAR representative for Cluj); "We don't side with a given party, we struggle for human rights. It is true that the government and Parliament don't carry authority and are incapable of asserting themselves, but President Iliescu doesn't need to resign" (I. Stefanescu, chairman of the Human Rights Defense League); "Since the founding of the UDMR our wish has been to contribute to the democratization of our country, so that we can all feel at home. There can be no talk of democracy if the minorities do not enjoy their rights. You can continue counting on our help in the struggle against totalitarianism and attempts to create diversion by dividing us and turning us into enemies" (Geza Domokos).

In fact, throughout the three days of discussions, aside from the adoption of the Proclamation to the Nation, two issues aroused special interest: the possibility that the FDAR member parties may participate in local elections on joint lists, and the immediate withdrawal of opposition deputies and senators from Parliament. At

the beginning of the proceedings, amid general enthusiasm, both issues were declared endorsed by the component parties. By the end I noted the following statements at the press conference: "In principle it was jointly agreed to select the person capable of rallying the greatest support and of presenting the best guarantees of seriousness and firmness in the anticommunist struggle. The decision will be up to each political party and will be taken at the opportune moment" (Corneliu Coposu); "The people best placed to win in the local elections, i.e., those who enjoy competence, recognition, and support, those will be the people we will support. Since there is as yet no law on local elections, they will take place according to lists or will be uninominal" (Radu Cimpanu); "I want to confirm what Messrs. Coposu and Cimpanu said. The Declaration of Principles of the National Convention for the Establishment of Democracy issued in December envisaged as a first action the election of competent people with a flawless civic attitude whom we would jointly support" (Sergiu Cunesco).

These were the parties' positions on a possible withdrawal from Parliament: "Whether to pull out the Parliament members will be decided by the steering committees of the respective parties. In the case of the PNT-cd such a decision has already been taken and will be implemented at the most opportune moment" (Corneliu Coposu); "Such a decision must be thought out very well and it can be taken only after an extremely careful analysis. PSD believes that the time has not come and that there are reasons to continue Parliamentary activities" (Sergiu Cunesco); "Is this the moment to pull out of Parliament? No! If you traveled the country you'd see that the tenor is very different from what it is here. Whom are we supposed to represent? Ourselves, or do we want to represent the country? If we don't have the brains to represent it, Verdet will do it in a few months time. Conflicts within the FSN were mentioned here. We have observed them directly in Parliament. You ignore this facet of parliamentary activities. You must realize that to a large extent our presence there contributed a certain clarification within the FSN; our presence helped facilitate, if it didn't actually provoke this kind of dissociation, and at a political level the dissociation of the FSN is important. We mustn't hit all our opponents at the same time. Any strategy treatise teaches that they should be hit one by one, otherwise there is the risk that they may unite. If Verdet has formed organizations with thousands and thousands of members, that's no joke. Their solidarity has its roots in fear, fear of us, lest they be ousted from their positions. Do you want us to do the same for the FSN? We may be acting according to some inner urge, but politics is a matter of reason before heart" (Radu Cimpanu).

And finally, these were the main ideas culled from the Proclamation to the Nation adopted by the convention (their publication does not mean that they are shared by AIDEVARUL editorial staff):

It has been almost one year since the current leaders came to power by moral fraud. The country has been

brought to economic and political disaster. The current authorities rely on the old nomenklatura. A decisive and harmful role for the present moral crisis is played by the Romanian Television. The national sentiment was profoundly injured by the president's signing the treaty with the USSR. The parliamentary majority is imposing undemocratic laws; the prerogatives envisaged in the draft Constitution for the president pave the way for a personal dictatorship. The Proclamation demands the following: the government's resignation and its replacement by a provisional government, which should achieve a genuine change in the country's politics. Such a government must ensure changes in the administrative structures, including the forces of order and the media. At the same time, an emergency program must be implemented to halt the economic decline, to dissolve Parliament, and to organize general elections. The president must publicly assume the responsibility for the violation of the principles of a state of law. If the authorities do not take note of these legitimate demands, the FDAR reserves the right to act through known legal means, culminating in withdrawing the Parliament members of the component parties from the legislative bodies.

The convention elected Engineer I. Manucu of Craiova, who on 13 June 1990 stopped the power supply to the railways, when the miners were heading for Bucharest, as chairman for the next term.

We will carry further reports on the discussions held during those days, on additional addresses, and on the general political atmosphere.

Analysis of Opposition Successes, Failures

91BA0631C Bucharest ADEVARUL in Romanian
16 Apr 91 pp 1, 5

[Article by Sergiu Andon: "The Opposition Between Quasi-Successes and Quasi-Failures"]

[Text] The month of April, which under the former regime was with great fanfare designated the month of cleanliness, should have won a far hotter reputation in our new social calendar, namely as the month of upsurge of the opposition.

The objectives seemed to be both necessary and attainable. Necessary, because the actual political opposition continues to play a minor role; and possible, because the socioeconomic and even the political conjuncture seemed favorable to a pressure offensive against the authorities.

The hopes and aspirations of the opposition did not materialize nor do they seem to be materializing. So far not even the premises of the offensive have been achieved, which currently were at least two: consolidating public support for each layer of the opposition, and then coordinating actions and strategies between the parliamentary opposition and the extraparlimentary opposition. The marches and meetings initiated at this

time by the Civic Alliance were designed to lead to a far more spectacular assertion of the street opposition than in the past, while the simultaneous holding of the Convention of the Democratic Antitotalitarian Front of Romania (FDAR) seemed destined to coordinate the efforts of the "official" opposition within itself and in cooperation with the "unofficial" opposition.

The meetings and marches initiated by the Civic Alliance were more extensive than the ones organized by the same group in the last two months of last year, but they fell far short of the hopes to which the present conjuncture entitled us. Let us not forget that this conjuncture is made up of the unpopular consequences of the economic policy, the emergence of serious conflicts within the majority party, and evident and even official tendencies toward authoritarianism... as well as: the public's faith in its electoral choice, its hunger for stability and for resuming productive activities, and the masses' mistrust of political exhibitionism and unscrupulous opportunism.

Neither can the parliamentary opposition be said to be taking advantage of the conjuncture. In itself the meeting of the FDAR National Convention marked organizational progress, but the uneven unfolding of its proceedings and the defensive position of the groups represented in Parliament toward the political leaders of the street movement do not promise the kind of progress expected toward forming a significant opposition. Neither does the situation seem to have been settled concerning agreements, procedures, conventions, alliances, and programs, let alone the key test of massive popular support.

What can be the explanation for the still low credibility of the parliamentary and extraparlimentary opposition among the large public?

Without trying to make an exhaustive analysis, we can distinguish several traits that from the beginning marked (in a negative sense) the opposition movement in Romania and continue to do so.

One almost unanimously admitted truth that persists is the absence of a platform that is clearer and more attractive than the imperfect and disputed government program. However large the deficiencies of that program, it enjoys—aside from the fact that it exists—the support of the administration, something that in the psychology of the masses, deformed by years of totalitarianism, is equated with a certain coefficient of competence. The opposition could counteract this "coefficient" through a more coherent platform, but that miracle has not yet happened, nor could it be detected in the recent program documents of the opposition, i.e. the Civic Alliance Charter and FDAR's Appeal to the Nation.

The prospects of improvement of these programs, at least from the viewpoint of popularity, are not too optimistic. Because the opposition front incorporates some merely decorative or ephemeral parties—freaks of the political "biotope"—it is formally obligated to

include the wishes of these frightened citizens for a common program documents, and that that intention really places these programs far away from the center of the electoral majority. For me, not being at least the situation seems ridiculous, and the weakness of the less flimsy parties compels them to seek alliances of the "blind and the lame," and, of course, that will continue to force the opposition to look for power in the political arena.

The absence of a strong personality and the reinforced presence of discredited representatives is discredited either by their own incompetence or by the opposition, still so much stronger than it would be for other nations. Intoxicated by political paternalism, the Romanian society continues to avidly demand doses of the illusion of exceptional public figures. For the time being, however, the opposition doesn't have any stars in the east it has put together, so the political arena looks like an art festival featuring side by side the Scala di Milano and the handicapped choir of the Sapora insane asylum.

The shortage of stars is also exacerbated by the fact that in the leading roles of the new cast ancient revanchists who, as theologians, victims of political and divine fate, can sing only one aria: that of anticommunism, which the public stubbornly insists on viewing as out of date.

While the danger or dangers threatening democracy continue to lurk in the shadows—perhaps in forms yet unknown in historical experience—anticommunism continues to manifest itself as vehemently as it does blindly. After so many defeats and suffering, incurred mostly in a struggle fought with unequal and dishonest weapons, the adversaries of leftist dictatorship find it difficult to see the shrinking to the point of disappearing of the ideology and policy they opposed. They don't see, or they refuse to see, how communism physically and politically devoured the real opposition, leaving only museum pieces as survivors, then died suffocated by its own obesity. Having escaped martyrdom—thanks to luck, biological resistance, emigration, ambiguity, or even temporary pacts with the adversary—the current leaders of the opposition continue to furiously whip the defunct monster, stick their best weapons into it, and use it to avenge their luckless fate, physical sufferings, exile, ambiguity, or the embarrassment of having accepted compromises. During this time, relaxed and self-confident, politicians unmarked by past repression—except fleetingly or by trivialization—ignore the dead monster and erase from their memory the reminiscences of a childhood spent on the back of the dragon. So some end up relaxed and others all tensed up. However, in politics tension is the state of totalitarians, while democracy requires relaxation, calm, and serenity. That is why even the psychological dice are as yet not favoring the opposition.

I mentioned the persisting danger of a return to dictatorship. It is extremely dangerous to dispute or ignore

that danger. However, it is also dangerous with the fact that the danger of a return to dictatorship may be a communist revolution. Demands to return to political near-rightness. Finding the true target of the struggle for democracy is as important as defining the general platform of the opposition and almost as important as finding convincing and charismatic leaders.

In the end, having exposed the weakness of the current opposition, the present article, we want to suggest a new direction of development, and this for common motivation: we don't know and we don't even begin to guess who may be the pursuers of solutions of the "crisis" type, but they obviously were not aware of the aspirations of the East European peoples, being shocking, brutal, and at one point even threatening to the authorities, the street movement ended by rallying the silent majority, which by nature prefers stability and equilibrium, around the majority party, something that doesn't bode well electorally for the opposition. The rationalization based on mistrust of the honesty of the ballot boxes and the appeal to street pressure lead to a vicious circle from which the opposition will not be able to break out unless it discovers new means of persuasion.

In itself the mistake of disputing the election results with diabolical perseverance is tantamount to a serious insult to civic pride, the majority of the electorate felt pretty special about having voted freely for the first time in 53 years, and for most people for the first time in their lives. Ignoring this satisfaction is another deficiency that detracts from the scope, soundness, and power of persuasion of our current opposition. There are others, too, but as we said, the present article was not meant to be exhaustive.

YUGOSLAVIA

Croatian Deputy Minister of Police Interviewed

91BA0608C Zagreb DANAS in Serbo-Croatian 9 Apr 91 pp 18-19

[Interview with Slavko Degoricija, Croatian deputy minister of police, by Jelena Lovric; place and date not given: "We'll Go To Knin, Too: Croatian Deputy Minister of Police Thinks There Is Still a Chance for Talks, but, if Necessary, Special Forces Will Again Be on Duty"—first two paragraphs are DANAS introduction]

[Text] Slavko Degoricija, the most active negotiator of the Croatian powers, who probably visited all Serbian settlements speaking with everybody who wanted to, a man with a broad and quick smile who does not resemble in any way the usual notion of a policeman, but who unexpectedly became a deputy minister of police recently. He had just returned from Pakrac where he was on that dramatic day when there was shooting there and they also went to war the day before yesterday, and where things calmed down after that, he says, even between those who were very rigid, and even extreme, in

their viewpoints. Later Degoricija spoke with part of the council of the Serbian Democratic Party (SDS) for Slavonija and Baranja, asking them to prepare a list of questions that they wanted to discuss, and not always to complain about how they had been cheated, without presenting their demands to someone in the government. As soon as they expressed the wish to talk with President Tudjman, Degoricija agreed. But then, that night, he became somewhat more concerned about the role of the police intervention there.

Specifically, that Saturday, when the action at Plitvice was being prepared, the executive council of the SDS at the level of Croatia met in Obrovac. According to information that Degoricija now has, the council concluded that all open problems of relations between Croats and Serbs in Croatia should be resolved by negotiations or peaceful means. The newly elected president of the executive council of the SDS, Tanjga, is allegedly taking that position, and some others who earlier opposed him are also for talks now. If Degoricija knew earlier the time and place that meeting was held, perhaps the Plitvice action would have been prolonged. But it wasn't, and so it happened that at Plitvice, where members of the Slavonian SDS Hadzic and Savic stayed overnight, they were arrested; this naturally aroused tempers there. It seems that Degoricija did everything to have them released. In order to discuss their status, he went to Pakrac, but he says that at that time the continuation of negotiations was being discussed, and he was told that a platform of the political unraveling of Croat-Serb relations in Croatia would soon evolve.

[Lovric] Does this mean that your action at Plitvice really came at the wrong time?

[Degoricija] I don't think that it came at the wrong time, but at the eleventh hour. Perhaps it could have been decided differently if their meeting had been known about, but I don't believe so. Actually, the patience of the population around Plitvice was already on the verge of self-action. During the night from Saturday to Sunday, in Dreznik we barely stopped 300 people who wanted to move on Korenica with their bare hands and settle accounts with the local population on a nationalistic basis. That would have been a horror. We used great force to prevent it. Such a situation, still very tense, prevails in the whole area of the Dinarics—not only in Kijevo, but also in Sinj, Drnis, Imotski Vrlica, the population is threatening to take their own action. I spoke with Petar Gracanin a little while ago and made him aware of the information that the Martić police are again mistreating people, they have again attacked some clergymen, they are searching Croatian homes. Two women fled this morning from that Knin maelstrom to Drnis, seeking protection. The situation in Drnis is now such that the Croats there want to jail the Serbs. And so it goes then. Kidnappings are beginning in Obrovac, Benkovac, Otocac; they are blowing up rails where they hadn't before; unrest is spreading. And when a crowd starts to administer justice, you know what the result is like.

[Lovric] You say yourself that this fire, metaphorically speaking, is spreading. How do you plan on stopping it?

[Degoricija] I think that not even 10 percent of the Serbian population is exclusive or militant. And I have said that too often. In some cases it is certainly even less. However, those groups are hardheaded, they don't listen to other people's arguments, and if they express their anger, they do it in a very violent and often deadly manner. I was not able to prevent that in the case of the action at Plitvice, and I believe that if I had been contacted previously, that action would not have become people are being threatened on an issue, for example, a few directors in China, who are fighting like lions to keep production from being interrupted, are being threatened for [their] cooperation, as it is said, with the Ustashi. They are convincing me, indeed, that such tensions are already different now in the area of Knin, Giracac and Korenica, that a rebellion will erupt against those people who promise everything but deliver nothing, don't give anything except weapons, and take a lot of money even for them. They don't share those weapons for free, they get them for nothing, and they sell them, smuggle them. Some indications are that these men are getting good and rich, they buy new cars and apartments in Belgrade. All that will be found out sooner or later. These militant groups are fiercely supporting Milosevic directly. Who can believe his words that he is against all force, aggression, and shooting, and know at the same time that he is sending weapons directly from Kragujevac. One day, for example, two truckloads of boxed weapons arrived in Lupac from there. That has a lot of importance for Serbs in Croatia when they see that. This was shown one day at a meeting with public and cultural workers. The open trend is increasingly common that the relations between Serbs and Croats in Croatia can be resolved only through their negotiations and talks.

[Lovric] To what extent did what happened at Plitvice have a sobering effect?

[Degoricija] Pakrac was the beginning. There were casualties at Plitvice, unfortunately, and now people see what it means to resolve controversial questions through conflict. I think that even the most extreme have now comprehended that there won't be anything of what someone promised them—that the Army will react to their provocation of clashes and that room for some other accounts will be opened in this way. That didn't happen either in Pakrac or in Korenica and now you see the turn of events: now the Army is traitorous, it's not the people's any more, now it's a group of bandits.... At the beginning we claimed that the Army wouldn't become involved in the clashes. We are in contact very often with certain leaders from the Fifth Army District and I must say that I have always encountered a lot of understanding and the wish for problems to be resolved by agreement. At Plitvice they dispatched helicopters for several minutes when the wounded were in question. When I heard yesterday that 700 kilograms of explosives were stolen from a mine and that the danger exists that a

dam could be blown up between Knin and Drnis, and the Army offered to intervene in this context, I agreed immediately. Better they than the Ministry of Internal Affairs, since we surely do not wish to provoke a new armed clash between two opposing sides. I know it's not easy for some representatives of the Army, and they are a subordinate organization, but I don't have any comments on those with whom I am cooperating.

[Lovric] Wasn't it really necessary in all these actions to use the Army more, since there, where the police encounter resistance, soldiers could perhaps become active?

[Degoricija] General Raseta called me on Saturday before the intervention at Plitvice and asked whether it was correct that we were preparing this action. I told him that we had sent a negotiator and we were waiting for an answer. If Martić's police withdraw and conditions are thus created for talks, we won't intervene. I then said, please, General, you are also from Lika, use your authority, do something to prevent violence by Martić's police, since they are now spreading through the Plitvice area, the villages that are not only Serbian and thus inevitably creating tension which will explode. I said that I was prepared to go with him to Korenica if necessary. When they say that we haven't done all that we could, that is simply not the truth. I also informed the federal secretary about this, I said to him: Mr. Gracanin, if you have the forces and the resolve, I am prepared to go with you to all the Serbian places. I am always willing to speak with the Serbian people, in Labac and Korenica they said to me: so long, Mr. Degoricija, not get out of here or good-bye, this means that they wanted to see me again. They whistled at me, they shouted, but then they quieted down, it was quiet like in church.

[Lovric] How has the government in Croatia figured to dispel the fear that exists in the Serbian people, how prepared was it to go to such talks?

[Degoricija] I don't like it when Gabelica says that we in the Croatian Democratic Union have gotten scared like a songbird. I would ask Mr. Gabelica where he has crowded that except on Republic Square or perhaps on some Gajeva street where he lights a candle. Let ones like that move among the people, let them try to act politically in crisis areas, and let them show themselves to be extremists if they think that is the solution, but let them show themselves. Anyone can stroll through Zagreb and talk, but to go where a tragedy can occur is something else altogether. So, has there now been enough contact? We have tried many times, but they have often not accepted it on the other side, they have refused. For example, with the compilation of documents on cultural autonomy, we drew up, with representatives of districts with the greatest Serbian population, a joint program of discussions at public platforms. It was agreed to begin in Benkovac, but the president of the district barred the platform the day before. Or on the eve of my meeting with the workers of Simečki in Gracac, the new president of the Executive Council, whom Babic placed, reported

that he could not guarantee my security. I spoke to him in vain: just let me, don't worry, let the workers lynch me. He came to me the second time with conditions: if the Croatian government recognizes the Serbian Autonomous Region of Krajina, the National Council.... I told him that we had finished our conversation, since no one wanted to recognize either the Serbian Autonomous Region of Krajina or the National Council in that way. We can talk about what institutions should be established so that through them equality of Serbs in Croatia would be guaranteed, but the republic organs must make the decisions about this, and no usurpers should dictate them.

[Lovric] What will you do with Knin? Have you announced that you will go further?

[Degoricija] That was not said now, but a long time ago. But a spark of hope in a possible negotiated settlement has always appeared. President Tudjman said several days ago that he was putting a moratorium on all actions while interrepublic negotiations continue and until space for talks on solving the Knin problem is created. But it was also said equally openly, clearly and loudly: if that doesn't happen, and Martić's bandits continue their abuse, we will also go to Knin. There's no doubt about that. This question must be resolved. But they are continuing with their provocations. They betrayed the negotiations and our trust, because they did not release those whom they had captured, although it was agreed they would do it when we did too. They are not shy about cheating. Therefore, they are doing everything the opposite of the way they would come out for. They speak about the wretched, unprotected, attacked Serbian people. And we have never once fired the first bullet, or carried out a single action first. We announced our action on television, leaving open the possibility that it wouldn't come to that. But when it could no longer be avoided, we gave them the opportunity to pull out without casualties, since casualties are not our aim. I claim responsibly. If we had wanted to, we could have cut off retreat to Labac and Udbina for all those who were at Plitvice. We had the forces, but we didn't use them, we gave them the chance to flee from that area. We have been very tolerant and patient in these nine months since assuming power. But we had to oppose, in an organized and radical manner, the appearance of Martić's self-appointed police, actually renegades from society who have now become aggressive in their actions, who are terrorizing the population, who are changing and replacing the legitimate organs of government, who are destroying the system and the order, and who are not choosy about their methods. Because we are no longer talking about individuals but about some type of military revolt and an organized band that can no longer be tolerated. When legitimate organs of the federation review what is happening in the way that the federal government and Ante Markovic did, announcing a decision about an invalid secession, the Ministry of Internal Affairs will have free hands to, when all possibilities of negotiations are exhausted, undertake other measures.

[Lovric] But now you are still in a phase of seeking a solution by agreement?

[Degoricija] Well, there are still some chances for agreement and a peaceful settlement.

[Lovric] How would you comment on the demand by some opposition parties to carry out the mobilization of the people and prepare for war?

[Degoricija] That is an extreme measure, but I think that we are not yet at the stage where conscious preparations for civil war must be carried out. I personally do not believe that there are such people who would consciously gravitate toward such a possibility. President Tudjman said that in a case of need he would turn to the people and call on them to obstruct and resist any kind of attack by anyone on the sovereignty of the republic of Croatia.

[Lovric] How much truth is there in the rumors that the police ranks are still expanding at an accelerated pace?

[Degoricija] The departure of people from that organization is continuing, but at their wish. All who have any possibility are leaving for their pension. We have now received 25 claims for release from the Lika area alone. These [vacancies] must be filled with new people. It's also similar in some other districts. On the other hand certain areas have not yet been covered by police stations. I don't know the exact information, but I think that the active force now hovers around 16,000 policemen.

[Lovric] It is also claimed that you have emptied all republic treasuries for the procurement of weapons?

[Degoricija] And exactly what is there that is not being said about these weapons? If all that were true, we would be the strongest armed force in Europe. I don't say we aren't strong, but not the way they claim. I think all this is being done in a very organized and responsible manner and nothing is being exaggerated. Our task is to ensure the security and stability of the state order. If we did not act in this way, I assure you that we wouldn't be talking here today. Unfortunately, that's the way it is. I believe in the power of the voter's ballot, but even for that preconditions must be created and guaranteed.

Slovene Social Democratic Union Leader Interviewed
91BA0643A Zagreb DANAS in Serbo-Croatian
30 Apr 91 pp 29-31

[Interview with Rastko Mocnik, chairman of the Social Democratic Union of Slovenia, by Vedrana Rudan; place and date not given: "Slovenes Are Superfluous"—first three paragraphs are DANAS introduction]

[Text] The chairman of the Social Democratic Union of Slovenia, sociologist Rastko Mocnik, on negotiations in Yugoslavia, Slovene independence, a government that has abandoned its election promises, strengthening the

state at the expense of the citizens, the current position of intellectuals, the collapse of the economy, and rifts in the ruling coalition.

In the last years of communist rule in Slovenia, Dr. Rastko Mocnik, associate professor in the sociology division of the Department of Philosophy in Ljubljana, was one of the leading figures in the Slovene alternative movement and did not miss an opportunity to directly help the youth of that time, which in those days were the only real opposition.

In contrast to his former fellow combatants, who took advantage of the change in government to gain ministerial posts or leadership positions in the DEMOS coalition, Dr. Rastko Mocnik remained a member of the opposition. Until several months ago, he was primarily active through UJDI [Association for Yugoslav Democratic Initiative], as the chairman of its executive committee, but after the marginalization of UJDI, he, together with Zivko Pregl, Ivo Vajgl, and several well-known Slovene intellectuals, founded the Social Democratic Union of Slovene, of which he is also chairman.

[Rudan] Where in society do the members of the federal government come from?

[Mocnik] Yugoslavia today is a country ruled by tribal chiefs, who unfortunately enjoy legitimacy. On the other hand, the federal government is the only one with a respectable program, but that government lacks legitimacy and was not elected in normal democratic elections. That is why it is hard for each individual in this state to make up his mind. He can support something that he finds appealing and rational, aware that such a strategy has no chance and that it lacks legitimacy. Naturally, he can also allow rule to be exercised by elites who lack a genuine program, who do not reflect on political questions, and who at the same time pursue an antidemocratic and economically catastrophic policy.

[Rudan] What motivates intellectuals to participate in this sort of political environment?

[Mocnik] The majority of people are forced to participate in politics to a much greater extent than during the time of the so-called struggle for democratic change. The motivating force behind the political commitment of many intellectuals over the past 20 years has in fact been the struggle to get away from politics in order to allow us to concern ourselves with the very things that actually interest us.

It may sound trivial, but I must note that Yugoslavia, and especially Slovenia, was not part of the real socialist system. Today, in terms of the political atmosphere and, unfortunately, in terms of the economic and social situation as well, we are even with the countries of the former East Bloc.

[Rudan] Foreign newspaper correspondents have called the people "conferring" on the fate of the former federation "cowboys." Is there a chance that we will redesign

or reintegrate this country, or that it will not in fact permanently become the Wild West?

[Mocnik] It seems to me that everything hinges on one's understanding of the state. The dominant view in Yugoslavia at the moment is that the state is the highest form of historical self-affirmation of national entities. This is a Hegelian, romantic view of the state, where it is the end, not the means. In contrast to this, the concept of the conceptual state reduces to the means for national, peaceful, benevolent, paternalistic settlement of relations and conflicts in civil society. We know that this concept was predominant in the democratic struggles throughout Yugoslavia. Our early opposition, especially PRAXIS and the 1968 students, was very skeptical towards the state. In the final phase of our democratic step forward, the revolutionary understanding of the state was partially abandoned, primarily for tactical reasons, and the liberal concept of the state as a means prevailed. In Slovenia, we resorted to a legalistic tactic, and this proved to be successful. The previous method aroused suspicion among the ruling powers, and they destroyed the movement and its goals. The turnaround came when we used an open type of debate. Because their most important effect is an incidental one: specifically, they are politicizing and enlightening broad strata of society. In that case, it is not even important whether or not you have "pushed through" your ideals; what is instead important is that you have allowed for public debate that will prevent bad moves by the authorities and will perhaps even give rise to better ideas.

[Rudan] Is this concept characteristic of Slovenia only?

[Mocnik] Over the past decade, it has been dominant in all parts of Yugoslavia. However, a reaffirmation of this concept in the postelection period would free us from the present-day, universal fetishization of the state.

[Rudan] To what extent is the current model for negotiations affecting the unraveling of the Yugoslav knot?

[Mocnik] In principle, it is a completely wrong model. Narrowing down the number of negotiators lowers the number of ideas that are in play and leads to a psychological dramaturgy with its own dialectic. This dialectic is not necessarily good. Second, it is unclear which moves are being made by the negotiators because of the internal political scene in their republics. The majority of these very dramatic moves are directed at republican public opinion and are orchestrated in internal conflicts. Because of this, the current negotiations are proceeding from the lowest, minimum starting points, meaning the most rigid ones as well!

[Rudan] Many observers say that endlessly defining starting positions is nothing more than a coverup of one's own inability to negotiate and of the negotiators' incompetence.

[Mocnik] Since I am best acquainted with the Slovene situation, I can talk about the Slovene government. They are aware that the economy is moribund and that it is on

the verge of collapse. But despite this, they are still strengthening the state. They have introduced very heavy taxes, which are a terrible burden on both citizens and enterprises. At the same time, they are spending state money on sectors that clearly should not be prioritized—the police and the military. We know that these are traditional state functions that one, when viewed from afar, might consider to be the only money taken when the state is in a crisis. The only reason to this is a need to have a state ready to fight that they will have again, and their independence. But today, we can state with certainty that this assessment is erroneous.

[Rudan] How do you explain the fact that all other institutions through which Yugoslav negotiations could be conducted have been pushed aside, and that only "the six" and the SFRY Presidency are left on the scene?

[Mocnik] The fact is that a hybrid organ has been created, which is called the "extended presidency of the SFRY," and in that I see a certain formula for compromise. Specifically, actual social power is in the hands of the republican chiefs, or rather the republican governments, while a minimum of legal order demands that negotiations be conducted within the framework of federal institutions, meaning the Presidency. Thus, in practical terms we have a situation in which decisions are actually made by a nonsystemic body—the SFRY Presidency plus the presidents of the republics. Despite the justified objections to this type of solution, it is still apparent that there is a minimum desire to preserve the procedural integrity of this process.

[Rudan] This is all starting to look like a farce.

[Mocnik] In fact it is a farce. Still, I personally think that they have found a formula that ultimately resembles the mechanisms of a true state. Their agreement could result in a joint proposal before the SFRY Assembly as the competent body according to the procedures currently in force.

[Rudan] But hasn't time run out? In other words, has the development of the situation in the field overcome the competence and the real power of the negotiators?

[Mocnik] They, themselves, have helped along this sort of development of the situation, most of all because they have discredited themselves through frivolous actions and, in general, by their own conduct. If we turn the lens around, we are forced to conclude that what we are talking about is a crisis of the political elites. The old political elite has practically no plan, since it arose from a one-party system. On the other hand, the new political elites have a very limited horizon for reflection. In fact, they are unable to reflect beyond republic borders. This has already been seen dramatically in Slovenia, which is why the opposition parties are demanding a more active Yugoslav policy from the government. The argument for this stance is nationalistic; Slovene interests must be protected. We are talking about egotistical, national, republican interests, which in practical terms this government is realizing to a much lesser extent in the

[Mocnik] Separation is a term that the Slovene Party of Democratic Reform has managed to introduce into the game. They were in a very awkward situation before the plebiscite. They were faced with a choice, either to oppose the DEMOS initiative for the plebiscite, in which case they would automatically become traitors to Slovene interests, or to accept the initiative and lose their identity! This is why they decided in favor of this separation move. And that was not fair. Specifically, they used an absolutely undefined concept, which in practical terms has absolutely no meaning. In this way, the communists wanted to preserve their room for maneuvering, or rather for the confederal option.

[Mocnik] It is tragic and degrading from the viewpoint of historical pride that this state still functions on the basis of the border between the Eastern and Western Roman Empires or between eastern and western Christianity. This means that nothing has changed over the past thousand years.... But joking aside, it seems to me that the prewar models of the Serb-Croat conflict are catastrophic, since even in the past they have brought nothing good. Speaking cynically, however, there is also a positive aspect to all this. Specifically, the Slovenes have noticed that they are superfluous! They can throw themselves into this conflict for the purpose of gaining some sort of advantage from it. The tragedy of this situation is most patently evident from the well-known press conferences, which are reduced to a dialogue between Tudjman and Milosevic, while all the others are statisticians who are pulling for one side or the other. Slovenia

[Rudan] Recently, the greatest supporters of the integrity of the Yugoslav community of states have been Bush and the EEC. How do you interpret the messages of "external factors," who are viewed here with an explicit lack of sympathy?

[Mocnik] It is an ultimatum. Their stance is crystal clear, and the other thing is that it would certainly be appalling if we were to stay together simply because some other third party wants it! On the other hand, their position is extremely rational, albeit egotistical. This knowledge should serve as a warning to all our politicians that in international relations the greatest role is played by rational and self-seeking parties. Our disintegration does not please them for many reasons. In the most simple terms, they cannot allow six impoverished dwarves to enter the European Community, because then the Yugoslav republics separately would have a role identical to the role of the underdeveloped republics in our federation. Second, the major interests of Germany, France, Italy, etc. are at play here. The old story about hegemony in this region is happening again, only in a different version. It is certain that France, and especially Italy, are afraid of renewed German interest in the Balkans. Since almost all the old stories are currently being repeated, this issue has come up for debate here as well.

[Rudan] Slovenia was the first of the Yugoslav states to turn to the world for recognition of its sovereignty under international law. The results of this action fell short of all expectations. Only Austria, unlike the United States and Germany, showed a certain amount of understanding for Slovenia's new position.

[Mocnik] Unfortunately, Slovenia took the Lithuanian model as its ideal, and that was stupid from the very outset. The tours by Rupel, Peterle, and Kucan would have been much more successful if, instead of asking for political recognition, they had offered concrete projects for establishing ties and providing foreign capital. It was also a mistake to ignore regionalism, because it would be much easier to integrate into Europe through regional ties. It is especially interesting that this erroneous concept in Slovene foreign policy is supported by the European right, while the left is more partial to a more lightweight regionalism without sensitive questions of sovereignty.

The Austrians do not know what is better for them—for Slovenia to secede from Yugoslavia or not. From contacts with leftist Austrians, I have concluded that they are not encumbered by the classic Austrian interest in gaining an outlet on the Adriatic. The rightists, however, would be much happier about secession followed by colonization and Germanization. In the current situation, Austria is a much stronger partner, who would simply devour us in very short measure.

[Rudan] During the first months of DEMOS rule, you were characterized as a benign form of the fascistization of Slovenia. Is it possible that this assessment applies today, one year after DEMOS came to power?

[Mocnik] In recent times, they have curtailed their ideological offensive, primarily because of dissension and disagreements within DEMOS itself. But their first actions clearly lead to a rehabilitation of fascism and a reactivation of civil-social factors that objectively lead to fascism. This factor is still strong, because right now even workers, schoolchildren, and women are organizing corporatively. At the moment, there are a number of pseudoparty entities that are in fact corporative. Nevertheless, an obvious defensive action has taken place on the ideological level, since there is also a liberal element within DEMOS itself, an element that, conditionally speaking, is linked to the leftist or liberal-national tradition of the Liberation Front.

[Rudan] You have said that the plebiscite was simply a trick by the government to stay in power another six months and to draw public attention away from the catastrophic economic situation and towards the national plan.

[Mocnik] I stand behind that assessment. Through the plebiscite, DEMOS bought time for another six months, until June. And before they, themselves, stipulated that time period, I estimated, on the basis of economic trends, that they could not possibly last longer than those six months. In no sense should one forget that at the time the ruling coalition was in a very unfavorable position, since the standard of living had fallen discernibly, and for the first time the economic indicators were clearly negative. At the same time, the Greens began to support the idea of demilitarization, and that practically meant the breakup of DEMOS.

[Rudan] But that deadline will be expiring soon.

[Mocnik] Yes. And it is very significant that the communists have abandoned the tactic of constructive opposition. In this way, they too have joined in the demands by our Social Democratic Union for new elections or for a reconstruction or deposing of the government.

[Rudan] After its victory in the elections, DEMOS announced the urgency of adopting a constitution for the sovereign state of Slovenia. But this constitution has yet to see the light of day. Why?

[Mocnik] This example shows how even a basic political act is not exempt from utterly everyday political games. DEMOS insisted on a constitution at the very beginning, and the opposition blocked it. Now it's the other way around. And this is simply because DEMOS knows that a constitution will be followed by elections, and the latest polls show that it commands only 20 percent of all potential voters, whereas it did have 56 percent of the electorate.

[Rudan] What is your assessment of the current position of the media in Slovenia?

[Mocnik] The media are being subjected to terrible pressure from the ruling coalition and in fact are holding their own. The government wants to subordinate the

media in such a way that it appoints their chiefs. This type of scenario has already been played out with television, where in commissar fashion they have filled the leading posts with politically loyal people, while threatening unsuitable journalists with the loss of their jobs or significantly narrowed maneuvering room for their work. As far as DELO is concerned, DEMOS has long been at war with that publication. In that war, DELO has been in a much weaker position than has been the case with Slovene Television. Attempts are being made to curry favor by granting primitive and unnecessary concessions. But despite this subordination, the government believes that they are still not loyal enough. And, to heighten the absurdity, the government is establishing its own daily newspaper with money from the budget! This is extremely immoral....

[Rudan] The new authorities in Slovenia (as well as in Croatia) have succeeded in making things more expensive for the state that they govern. Especially prominent in this are two former fellow combatants of yours from the local opposition—Jansa and Bavcar. Is it not actually paradoxical that the new, democratic government is spending the most money to strengthen the police and defense forces while that is precisely what they used to criticize most of all?

[Mocnik] There are a multitude of paradoxes in all of this. One of the DEMOS election cries was for an inexpensive and efficient state. But none of this has been realized. Or take secession. Today, there is already talk

about the price of secession, while before the election it was presented as a situation in which we would in any event be better off. Now they are even admitting the possibility that everyone in Slovenia could suffer losses for a certain period after secession! As far as Bavcar and Jansa are concerned, I have a very favorable opinion of them, academically speaking. They are ministers who are doing a good job at looking after their areas of competence and who are managing to scrape together a great deal of money for their departments within the government.

[Rudan] But this is completely contrary to the ideas that they promoted until recently.

[Mocnik] It is true that Jansa was very active in the peace movement for a certain time, and he was even one of the show horses in that movement (he was an expert). It is obvious that right now he is working against the very ideals on which our fellowship was founded. And I am very sorry about that. I think that precisely Jansa, as an expert and politician, would be able to develop a successful plan for a demilitarized zone in Slovenia. But he is under strong ideological pressure from the DEMOS top dogs, and now he is working conscientiously on their projects (more successfully than some of his colleagues in the government). Bavcar has always been successful at the work that he has undertaken. He is incredibly talented, and I dare say that he would be a successful minister in any government.

internal affairs, well-intentioned handling of problems as they arise. The cooperation between the two countries will not be prejudicial to third parties.

The contracting parties will coordinate their activities by implementing UN peace-keeping resolutions and will promote the CSCE process. Hungary and Bulgaria will study each other's national military doctrines.

The agreement is concluded for a five-year period with automatic five-year renewal unless either party gives six months' notice to revise or terminate it. The contracting parties may give a notice of termination in writing at any time, and the agreement will be voided six months after the notice is served. The agreement takes effect today.

Today Dr. Fur was received by Bulgaria's President Dr. Zhelyu Zhelev and Prime Minister Mr. Dimitur Popov. Later in the day Dr. Fur and the military delegation he led left for Hungary.

CZECHOSLOVAKIA

Statistics on Arms Production, Exports

AU2205083891

[Editorial Report] Prague TYDENIK HOSPODARSKYCH NOVIN No. 20 in Czech on 16 May on page 4 carries a 2,000-word article by Eng. Josef Fucik from the Federal Ministry of Economy entitled "Conversion: Outlines of 'Economic Disarmament.'" The article discusses problems concerning the conversion of the Czechoslovak arms industry.

In the first part of the article, Fucik justifies the decision of the Federal Government to convert factories producing heavy weaponry, arguing that the decision is a result of "objective conditions" (obsolete technology, marketing crisis). In the second part of the article, Fucik describes which branches of the Czechoslovak arms industry have a chance of establishing themselves on Western markets. These include, according to Fucik, the following products:

Training aircraft (the L-39 and the modernized L-39 MS models), "of which Czechoslovakia has until recently been the largest manufacturer in the world";

Pilot training simulators, whose production is "advanced";

DV-2 aircraft engines, made at Povazska Bystrica, which represent a "high-quality product capable of competing with products in comparable categories";

Airfield radars and passive radar reconnaissance systems made at the Tesla plant in Pardubice;

"Antinuclear, antichemical, and antibiological protective devices," such as masks, overalls, and capes, "the good quality of which is beyond doubt";

"Components for night-vision equipment," in the development of which the State Research Institute of the Glass Industry at Hradec Kralove has achieved "remarkable results."

The Fucik article includes the following table on arms production and exports in the Czechoslovakia:

| Arms Production in the CSFR | | | | |
|--|--------|---------|--------|---------|
| Production Volume in Million Units (Current Prices) | | | | |
| | 1987 | | 1988 | |
| | Volume | Percent | Volume | Percent |
| Total arms production in the CSFR | 26,798 | 100.0 | 26,737 | 100.0 |
| Of which: | | | | |
| Czech Republic | 11,557 | 39.5 | 12,331 | 46.1 |
| Slovak Republic | 17,741 | 60.5 | 14,406 | 53.9 |
| Total development of arms production in the CSFR | | 100.0 | | 91.3 |
| Share of arms production in output of CSFR engineering | | 11.3 | | 10.0 |
| Domestic sales | 6,558 | 22.4 | 7,699 | 28.8 |
| Exports | 22,740 | 77.6 | 19,038 | 71.2 |
| —To former socialist countries | 17,055 | 58.2 | 15,134 | 56.6 |
| —To other countries | 5,685 | 19.4 | 3,904 | 14.6 |
| | 1989 | | 1990 | |
| | Volume | Percent | Volume | Percent |
| Total arms production in the CSFR | 18,996 | 100.0 | 15,107 | 100.0 |
| Of which: | | | | |
| Czech Republic | 10,587 | 55.7 | 7,515 | 49.7 |
| Slovak Republic | 8,409 | 44.3 | 7,592 | 50.3 |
| Total development of arms production in the CSFR | | 68.4 | | 51.6 |
| Share of arms production in output of CSFR engineering | | 6.9 | | 5.7 |
| Domestic sales | 6,802 | 35.8 | 7,200 | 47.7 |
| Exports | 12,195 | 64.2 | 7,907 | 52.3 |
| —To former socialist countries | 11,179 | 58.8 | 6,305 | 41.7 |
| —To other countries | 1,016 | 5.3 | 1,602 | 10.6 |

HUNGARY

Envoy to Vienna Arms Reduction Talks Interviewed

LD1604083291 Budapest Domestic Service in Hungarian 2000 GMT 15 Apr 91

[Interview with Ambassador Istvan Gyarmati, leader of the Hungarian delegation to the Vienna arms reduction talks, by Istvan Kulcsar in Vienna in April]

[Text] A continuation of the arms reduction conference of 22 states starts tomorrow in Vienna. Istvan Kulcsar asked the leader of the Hungarian delegation, Ambassador Istvan Gyarmati, to comment:

[Kulcsar] Mr. Ambassador, the Soviet Union broke the spirit, in fact, probably even the letter of the previous agreement by withdrawing three of its divisions from the time the restrictions came into effect. Gorbachev has signaled that at least half of this contingent will effectively be stopped. Does this help the talks?

[Gyarmati] In this last letter, Gorbachev went further than this, as he also offered that they would solve the problems concerning all the three divisions. He suggested various solutions for other interpretation problems concerning the agreement. I believe that we are approaching a solution.

[Kulcsar] So it can be said that this round is beginning in a much better atmosphere than the previous one.

[Gyarmati] Yes, definitely.

[Kulcsar] What will be the main topic?

[Gyarmati] I hope in this round we will manage to resolve this problem of interpretation. Then we can start working on the agreement on the reduction of live forces. We have very little time for this. We have to finish by March 1992.

[Kulcsar] By how much could the traditional live forces be reduced in Europe?

[Gyarmati] If everyone followed the German example, if we look at the whole of the army of the FRG and the GDR, then the number would be reduced by half. It would be a very significant reduction. I do not believe that we would make such a significant reduction, but I think very significant reductions may take place, at least compared to the situation in 1989 and 1990.

YUGOSLAVIA

JNA Official on Fifth Military District's Role

91BA0608B Zagreb DANAS in Serbo-Croatian 9 Apr 91
pp 16-17

[Interview with Major General Andrija Raseta, deputy commander of the Fifth Military District, by Srdan Spanovic in Plitvice on 4 April: "I Am Only Carrying Out Orders"—first two paragraphs are DANAS introduction]

[Text] The task of the Yugoslav People's Army (JNA) is not to arbitrate, but since it has come to the breaking up of Yugoslavia, we are behaving like Blue Helmets.

Very little is known outside military circles about Major General Andrija Raseta, deputy commander of the Fifth Military District and currently responsible for the JNA's operations at Plitvice Lakes. The scant information available indicates that he is an experienced officer who

was in the structure of the JNA unit that separated the armies of Israel and Egypt in the Sinai, under the flag of the United Nations. He has served in units in all republics, and, in 1968, was in Kosovo during the clashes at that time. He has also been chief of staff of the Fifth Military District, and the fact is that he was born in Lika, with the biography of a career officer, certainly one of the factors as to why command of the unit that was sent to Plitvice Lakes was entrusted to him. We spoke with him on Thursday (directly before the conference for reporters held after the meeting of the six republic leaders) on the premises of the Home for Soldiers and Youth in the settlement of Mukinja at Plitvice Lakes, where the operations staff is also located.

[Spanovic] Assurances are being heard these days both from representatives of the Ministry of Internal Affairs (MUP) of Croatia and from representatives of the JNA how the relations of their members are correct, and also that they are cooperating to some extent. At the same time a polemic is reflected in the media between the MUP and the Fifth Army District Command, in which the Army repudiates practically any cooperation and the MUP is attempting to prove it. What, in your opinion, is the real situation?

[Raseta] We are set upon carrying out differing tasks. The MUP, with its personnel, has the task of establishing a station for public security and, therefore, has come into conflict with representatives of the Titova Korenica District. The JNA has come, by decision of the Presidency of the SFRJ, to prevent further escalation of clashes and to carry out entirely the decisions of the Presidency of the SFRJ of 31 March 1991. From this aspect, our tasks are different and our relations with representatives of the MUP are contacts for carrying out our task. These are correct contacts.

[Spanovic] Does the statement about correct relations refer only to contacts at the level of the Fifth Military District Command or to contacts in the field as well?

[Raseta] These contacts are also realized in the field within a certain sphere, and are realized with the MUP as well. These are contacts for carrying out tasks and that isn't cooperation. Cooperation is realized when it's found in the same missions. And we aren't on the same missions. The relations are also such between us and the sociopolitical society, the leadership of the Serbian Committee of Titova Korenica. We have correct contacts and we demand that the sociopolitical society also respect what the JNA is supporting in the spirit of the task obtained from the Presidency of the SFRJ. We also have contacts with the local population in the field where we are located and where we prevent clashes from occurring within the population, between Serbs and Croats.

The order that we have from the Presidency of the SFRJ was carried out in the part in which a ceasefire had to be realized. Militia forces that came from Knin, as well as forces from Titova Korenica, ceased firing and withdrew. Special forces of the MUP also withdrew from the

area of the Titova Korenica district. However, police forces of the MUP, which have to establish a public security station at Plitvice, did not withdraw, although the decision of the Presidency of the SFRJ also refers to them. This is still, so to speak, a stumbling block between the organs and forces of the Republic of Croatia and the sociopolitical organization of Titova Korenica. Some want the public security station to be established and function, while others demand that it not be established. And because of this armed conflict resulted.

[Spanovic] Doesn't it seem to you that in this case the issue is primarily the interference of the organs of the Republic of Croatia on its territory and that this is not under the jurisdiction of the Presidency of the SFRJ?

[Raseta] The JNA does not get into aspects of the rights of these people or those people. Nor am I a lawyer, and I can't, and I'm not even authorized to, get into an assessment of who is in the right, just as it is not the task of the JNA to arbitrate. This must be resolved between the Republic of Croatia and the Presidency of the SFRJ. Although the Presidency of the SFRJ made its decision, the Republic of Croatia supports its own viewpoints. As far as I know, the Presidency of the SFRJ has not revoked its decision, nor has the leadership of the Republic of Croatia modified its stand.

[Spanovic] Nevertheless, as far as is known, the Presidency of the SFRJ has never arbitrated up to now about the establishment of any police station in any part of the country....

[Raseta] The public security station is not the issue here, the clash is. The public security station was the reason for the clash, and I don't want to get into the causes. And its existence is still a cause for a clash to occur and if the members of the JNA withdraw, a clash can again occur. Moreover, the forces of the MUP in a wide area around Titova Korenica have not withdrawn either....

[Spanovic] Which forces and which locations are you specifically thinking about?

[Raseta] A special unit of the MUP is located at Ljubovo, as well as west of the village Vrhovina, in the area of Otocac district. According to information that we have, but I don't have the latest information at my disposal, a unit of the MUP was located in the Saborski region, near Plaski. A regular public security station is located there, but it has been reinforced. In the Grabovac region, up to Slunje, there are also reinforced forces of the MUP. Public security stations have also been reinforced in the Drezengrad region, as well as in the Vaganac region, where there was no public security station before.... Titova Korenica is surrounded by special forces of the MUP.

[Spanovic] Do you really believe that all those are special forces of the MUP? That would mean that MUP has at least a thousand specially trained police, and when it is known how long their selection and training last, that seems impossible?

[Raseta] I don't know how many specialists and men the MUP has deployed around Titova Korenica and that is a question that you must pose to their leaders. But if men are trained and equipped beyond the regular structure of the police, we call them special forces.

[Spanovic] Can it be said that your units are face-to-face, in full battle readiness, with units of the MUP?

[Raseta] We are there to prevent forces of the MUP from possibly moving toward Titova Korenica or from taking any repressive measures against the populace.

[Spanovic] On what basis did you conclude that forces of the MUP could carry out repression against the populace?

[Raseta] Perhaps that was too sharp a word for me to use, but in the course of carrying out actions at Plitvice, some villages and civilians were searched. In the Ljubovo area, shooting occurred and we presented that to representatives of the MUP; after that no such incidents took place. It is our wish that such incidents in this type of electrified situation do not occur.

[Spanovic] Your unit is made up of powerful and numerous armored and mechanized forces. The impression is how, in the case of the JNA, a special unit is involved the like of which we haven't seen even in Kosovo.

[Raseta] Our entire unit is armored-mechanized. This is the type of unit structure that can carry out missions, and where the personnel is protected. The soldiers who are serving a tour of duty are protected, and we didn't want to engage pedestrians who would be much more vulnerable to all the combat equipment that can be used. Primarily for reasons of personnel security, we decided on the use of armored-mechanized units.

[Spanovic] We noticed that in the structure there are a large number of military policemen, who have nevertheless completed specialized training.

[Raseta] No. It's a question of a mixed structure that it was figured could carry out the mission assigned to us. The makeup of a unit to which a specific mission is entrusted differs from units that are located on bases. In being formed they are adapted to a specific situation.

[Spanovic] What is the national breakdown of your unit?

[Raseta] The national breakdown is identical to the national breakdown of youths who come into the JNA. The unit is composed of units that are exactly the way they were when these youths were assigned when they came in. Members of all nationalities are present—Croats, Serbs, Slovenes, Albanians, Macedonians, Gypsies....

[Spanovic] One of the most unusual things is the visible placement of Yugoslav flags on almost all military vehicles that are part of your unit. Is that an order, a new rule

or a special reply to the placement of flags of the Republic of Croatia on MUP vehicles?

[Raseta] Within the framework of amendments to the Rules of Service in the Armed Forces, which provide the opportunity for soldiers to go into town in civilian clothing, as well as to practice religious needs, it is also specified that only insignia of the SFRJ may be displayed on facilities of the JNA. By facilities, we mean bases, buildings, and vehicles, so we have begun to practice that. It was customary before too, when our flags were displayed on vehicles at the time of the participation of JNA units in the peacekeeping forces of the United Nations, from Sinai on. We consider it necessary for the republics to declare themselves increasingly as states and emphasize their insignia, that the JNA, as an armed force of all republics and all peoples and nationalities, carrying out their duties in the spirit of the Constitution and the law, display the SFRJ flag on all vehicles.

[Spanovic] Does this mean that you consider yourselves special Blue Helmets, troops of the United Nations?

[Raseta] You're provoking me....(laughing). Nevertheless, I'll answer you frankly. Since certain republics support a confederative Yugoslavia, we've almost come to that position. Almost....

[Spanovic] Can you cite concrete examples of international clashes where your unit intervened after the Easter events at Plitvice Lakes?

[Raseta] There were such cases between the village Bilaj at Gospic, where there is a predominantly Croatian populace, and the village Barlete, where there is a Serbian populace. There was first a verbal conflict, which could have become an armed clash. We sent a unit there with officers who spoke with both local societies and told them to find some other way of resolving their mutual disagreements, but that there could in no way be an armed clash. We obtained firm assurances from both sides that they would resolve their problems with dialogue. After that the unit withdrew. There was also a tense situation between the villages Ploce and Lovinac, but we quieted down the situation in that area too.

[Spanovic] Were there excesses between units of the JNA and MUP policemen? We read in the newspapers how bullets were fired, actually into the air, right in the Ljubovo area....

[Raseta] We haven't had any clashes with one side or the other. Nor have members of the JNA used weapons against any of the conflicting sides, nor have any of the conflicting sides used weapons against the JNA. We made it known to all parties concerned that members of the JNA do not wish to use arms, but that we must prevent clashes between national groups.

[Spanovic] One of the most inexplicable situations is the cessation of appearances before the public and in the field of Brigadier General Ivan Stimac, who had the most exposure right in the first days and gave the impression

that he was the leader of the operation. Actually, we saw him with you a little while ago in the staff, but a lot of people in Titova Korenica have said that he's to blame that the JNA was late with its intervention, and it was demanded that he be called to account and replaced. What is true about all that?

[Raseta] General Stimac was charged with a mission, which he carried out in the spirit of the order and the decisions of the Presidency of the SFRJ. Regardless of what appeared in the media and what individuals reported and sought, I can say that the stories about his being replaced have no basis. General Stimac is still on a specific mission with contacts with units in the area of Gospic and Otocac districts, and he was also in Titova Korenica, quite normally having contacts with the president of the district and the president of the executive council.

Moreover, we made it known to representatives of the Titova Korenica district that the JNA was neither late nor early with its arrival. We acted in accordance with the decision of the Presidency of the SFRJ that the JNA move to prevent further clashes.

[Spanovic] Does this mean that you have no kind of authorization for self-initiated use of the forces that you command, except in the case that you yourself are attacked or that an armed clash between opposing sides occurs?

[Raseta] Exactly so. We can intervene only in accordance with existing law. An example of that for you is sentry duty and the regulation that the sentry can use his weapon only if he or the facility that he is guarding is attacked. We can also use our weapons under the same conditions, as well as in accordance with the order that we prevent armed clashes in the area where we are.

[Spanovic] How long, in your opinion, will the need exist for the presence of JNA units in this area?

[Raseta] I can't answer you exactly on this question. We will be here while the need exists, until the tasks and obligations for which we came here are completed. The Presidency of the SFRJ will decide about that.

[Spanovic] The JNA intervention is also encountering complaints by citizens of various nationalities, and many parties throughout Yugoslavia are condemning the Army for leaving its base. Finally, many people who supported you until recently are turning their backs on you, because you allegedly betrayed them by not moving exclusively against their political, national, and other opponents. How do you view this?

[Raseta] We are aware of this. However, the Army does not intervene at anyone's wish, regardless of the nationality, state, or party membership. We are carrying out missions in the spirit of decisions by the Presidency of the SFRJ as the organ that is our supreme command.

Here the organs of Titova Korenica, which are seeking to have the public security station at Plitvice eliminated,

posed an ultimatum to the Presidency of the SFRY, with a time limit after which, so they say, the Presidency bears the responsibility for the possible consequences. We have told them that they can't take any armed action against the MUP police, regardless of any kind of ultimatum of theirs.

[Spanovic] Is it true that, from the intervention in Belgrade, through Plavice, and to the "logori" spring exercises throughout Croatia, the Army peacefully carried out a "sleeping military camp"? There is a very high degree of agreement in our assessment among parties in Croatia, Serbia, Slovenia...

[Rasetal] I don't know the starting premises on which these parties have these claims. I think that the JNA has not resolved anything up to now in a single case through self-initiative. Appropriate to this, other actions, which the legitimate powers in the Yugoslav republics undertake, can also be called by another name, and not those that those governments call them. We consider it good

that the JNA, in preventing the escalation, rather than in provoking it, has intervened.

[Spanovic] In the case of Kosovo, wasn't the logic of the military maintained at all?

[Rasetal] In Kosovo, our Army, as far as I know, was never directly engaged. It acted preventatively so that no clashes took place. I am convinced that widespread clashes did not occur just because of the way the Army acted, but also that in such cases the widespread use of arms would certainly have occurred. However, we had no political means other than arms; we can resolve troubled relations between peoples. Unfortunately, we resolve relations between peoples, not by others, which raise tensions between peoples, should resolve problems of relations between peoples. I cite the example of Kosovo in 1980, where I was serving, when a widespread clash was prevented owing to preventive action by the JNA. Why the conflicts later deepened, you will have to ask others, and not me.

ALBANIA

Industrialization Policy Reviewed

91BA0566.A Munich SÜDOSTEUROPA in German
No 1, 1991, pp 46-48

[Article by Werner Gumpel: "Albania's Industrialization Policy"]

[Text] Albania's peripheral location with respect to the poles of European development and five centuries of Turkish rule both contributed to the fact that Albania was an economically and socially backward country when it proclaimed its independence in 1912. The emergence of an Albanian national state did not produce much change. Italian investments in the period from 1921 to 1943 were directed more to the exploitation of the country's raw material wealth than to well thought-out economic development. Even if Albania had desired to pursue an independent development policy, its dependence on Italy in almost all economic spheres made such a policy impossible. The Albanian Government of the day was entirely unfamiliar with a future-oriented economic policy, oriented toward the development of the country. Though the government had appealed to the League of Nations, asking for assistance in dealing with its economic misery, it hindered the operations of the commission appointed. As a result, no economic cooperation occurred.¹ The country therefore remained backward.

Disregarding some small and unimportant food processing firms, Albania had no industry. Since Albanian capital was lacking, concessions with respect to raw materials resources were granted to foreign powers. As a result some industrial development began in the iron and mining industry. In 1937, shortly before the outbreak of World War II, Hermann Gross described the status of the country's development as follows:

"In contrast to Turkey, which has purposefully and successfully tackled the establishment of domestic industry, the Albanian Government has done nothing definite to structure industry. Processing industry is in its early infancy. Except for salt production in the coastal lagoons, there are only some cheesemakers, cereal and oil mills, cigarette and soap factories, alcohol distilleries, one brewery, potteries, brickyards, and one cement factory—all based on domestic raw materials. None of them are of crucial economic or social importance in the emerging Albanian economy. Albania is therefore dependent on imports in almost all sectors of industry."²

The foreign trade structure corresponded to these facts. On the average, raw materials accounted for more than 40 percent of exports, agricultural products for more than 50 percent; finished products represented two-thirds of imports.³

World War II, with its ravages and partisan warfare, resulted in the ruin of the economy and largely destroyed the tentative beginnings of industrialization.

The Foundations of Industrialization

A socialist industrialization policy was initiated soon after World War II. The People's Republic was proclaimed in January 1946 and a socialist constitution enacted in March of that year. In July 1950, the latter was adjusted to be even closer to the Soviet model. It provided for socialist production conditions and a socialist economic system. Though this constitution did not exclude private ownership of the means of production, they became completely state owned. In 1946 already 89 percent of industry were in the hands of the state. The remaining 11 percent represented unimportant enterprises, and even these had virtually ceased to exist in 1947.⁴

Land reform and the first—admittedly relatively unsuccessful—collectivization campaign were carried out simultaneously (1946-1953). With the exception of the mountain regions, farm collectivization was completed in 1960. Collectivization of these last regions proceeded to completion in 1967.⁵ This not only concluded the socialist transformation of production conditions, it also created the prerequisites for the use of agriculture as a source of accumulation for socialist industrialization ("original socialist accumulation") on the Soviet model.

The transformation of the ownership system went hand in hand with the transformation of the social system. That meant reforming a strongly traditional society to become a society characterized by Soviet type socialism. It featured the rule of the communist party as the sole political power in terms of the dictatorship of the proletariat. The party decided all processes of political, economic and social life, and politics always took precedence of economics. Party organizations were present even in enterprises, and their secretaries were empowered to instruct the directors how to operate. Party decisions were inviolable. That applied to all levels of management, from senior government to enterprises.

This organization of state and society was logically joined to rigid centralism. It served as one of the most important tools of government. In the economy it guaranteed that the decisions of the center were in fact carried out within the framework of the hierarchical system. Similar to the economy realized by Stalin in the Soviet Union, the Albanian economy was therefore a pure command economy. Consequently the central bodies also decided how the economy was to develop. The bodies concerned were the Central Committee of the Communist Party (Albanian Workers Party, PPSH), the Council of Ministers, the State Planning Commission, as the most important organ of the Council of Ministers, the State Price Commission (also an organ of the Council of Ministers) and the various ministries organized along industrial lines.

In the matter of state enterprises, a distinction was made between those of national and local importance. While the first were managed and directed by the respective industry ministries, enterprises of local importance were

subordinated to the executive committees of the district peoples councils (corresponding roughly to district administration agencies in Germany). The operational scope of enterprises and their autonomy were extremely limited. It consisted largely in collaboration with respect to planning within the framework of state plan proposals, the organization of labor and plan fulfillment. The "principle of democratic centralism," proclaimed by Lenin, was therefore applied in Albania also.

The central agencies planned and decided the country's economic development. That applies to the sectoral (branches of industry) as well as the regional development of the country. Heavy industry was generally preferred to light industry, resulting in overall imbalances. As in other surviving or former socialist countries, Albania is plagued by a serious lack of many agricultural and industrial consumer goods, because the raw materials and capital goods industry were given preference with regard to their development and the supply of preliminary products. This has led to a congestion of purchasing power and, therefore, to pent-up inflation.

The defense industry enjoyed absolute priority, because Albania always felt threatened by foreign foes. In part this resulted in an enormous waste of resources, for example: The entire country was covered with small bunkers of presumably minimal military value. They not only deprived the country of huge amounts of construction materials but also prevented much agricultural land from being used for the benefit of the economy.

The Ministry of Finance was of prime importance for carrying out industrialization. It managed the country's entire financial, budgetary and foreign exchange policy and thereby decisively influenced the practical implementation of the economic plans. The Ministry of Finance drew up the state budget that also centralized all investments by state industries. Enterprises were therefore unable to finance investments from profits. Profits had to be handed over to the state budget. If the central organs considered it appropriate, enterprises were allocated investment resources from the state budget. The State Bank granted additional loans in conformity with central instructions. The Ministry of Finance was also an important supervisory organ, because it audited the balance sheets of enterprises and economic organizations as well as the implementation of the financial affairs of ministries, central institutions, and so on. This enabled the ministry to trace plan violations. The Finance Ministry also directed and supervised the Albanian State Bank and was in turn subordinated to the supervision of the financial control board which was part of the overall state control.

Albania's Socialist Development Strategy

The initial aim of socialist industrialization was that of securing by means of raising output the basic supplies for the population. It was therefore necessary first of all to rehabilitate the production capacities that had been destroyed as well as the infrastructure of transportation

and energy and the housing industry. Simultaneously, though, work was started on a program of industrialization with the goal of "expanding and modernizing industry." To begin with this was almost exclusively confined to the development of existing economic sectors.⁶ Following the Soviet model, the emphasis was on heavy industry, the production of capital equipment. This responded to the ideology of Marxism-Leninism which considers forced industrialization the main task of economic development because, according to that doctrine, the desired forms of social consciousness can arise only on the foundation of large-scale social production.⁷ It necessarily involved neglect of the consumer goods industries within the framework of the development process. The targets of Albanian industrialization, therefore, were preset in economic as in political terms. They may be summarized as follows:

1. The socialist transformation of the economic structure, faithful to Marxist teaching, according to which it is not the man's consciousness that determines his being but rather his social being that determines his consciousness.⁸ That implied the necessity of transforming agricultural Albania into an industrial country.
2. Guaranteeing and strengthening political independence by the largest possible extent of economic self-sufficiency.
3. The creation of an infrastructure with respect to transportation and energy, that makes industrial development possible and also serves agriculture.
4. The production of the most essential industrial and agricultural consumer goods to supply the population. As a result of the consistent encouragement of large families, the population increased very fast: The Albanian population rose from 1.1 million in 1945 to 3.1 million 1987.⁹ In 1951-1958, it grew at the rate of 24 per 1,000. This compelled greater efforts at industrialization in order to provide new jobs. The rate of accumulation (rate of investment) amounted to 25 to 30 percent of the national income.¹⁰
5. Economic self-sufficiency by replacing imports. This requires not only the expansion of existing industries but also the creation of new ones. Goods are to be imported only if considered indispensable for economic development, for instance the procurement of new machines and equipment for mining—an industry of supreme importance for the acquisition of freely convertible currency—or to close plan gaps and correct planning mistakes if they might have far-reaching adverse effects on the economy.
6. The development of agriculture and the improvement of its capital equipment as the basis of the smooth running supply of foodstuffs for industrial workers.
7. The elimination of unemployment by industrialization. Admittedly this sometimes happened by overstaffing in the existing jobs. That implied the conscious acceptance of low labor productivity.

These targets were to be met by the efforts of Albania alone, that is without aid from abroad—deemed to possibly threaten the country's independence. This resulted in Albania's constitution providing for a permanent ban on the acceptance of foreign loans. In the early days, though, Yugoslavia supplied fairly substantial development aid within the framework of close economic cooperation (in practical terms, the Albanian economy had been joined to that of Yugoslavia¹¹). It mainly served the development of the infrastructure and the country's raw materials. In 1948 Albania used the Cominform conflict to withdraw from the Yugoslav embrace. The Soviet Union had a strategic interest in the country and stepped in as helper. Albania became a member of CEMA in 1949. It was supposed to take on the task of being a raw materials supplier. Every effort was consequently directed to the expansion of the raw materials industry, while the processing industry was distinctly secondary. This led to a lopsided industrial structure. Nevertheless, considerable economic aid was provided in 1950-1960 by the USSR, Poland, Bulgaria, the GDR and the People's Republic of China. It has been assessed at more than U.S.\$400 million.¹² Capital aid by these countries was supplemented by technical assistance. On the other hand we should not forget that the CEMA countries (The People's Republic of China was never a member of CEMA) paid prices for the raw materials supplied by Albania, that were 30-40 percent below world market prices. Their "aid" certainly was not unselfish. In fact, approximately 90 percent of Albanian chromium production (about 300,000 tons) were exported to the CEMA countries in the early 1960's.¹³

Fearing for its independence once again, Albania took the side of the People's Republic of China in the Sino-Soviet conflict. The political disputes between the USSR and Albania came to the surface at the CPSU's 22d Party Congress (17-31 October 1961). Albania thereupon decided to choose the People's Republic of China as its mentor. China provided help when the USSR and some of the other CEMA countries abruptly ceased their development aid. Nevertheless, the earlier strong dependence on the Soviet Union inevitably meant an economic crisis in 1960 and 1961.

The People's Republic of China financed various development projects and supplied a large quantity of capital equipment, most of it still in use. However, the equipment has long been obsolete in terms of technical development.

Foreign aid has been and still is of enormous importance for the development of the Albanian economy, although the Albanians have never officially acknowledged this fact. Due to the low standard of development, the Albanian economy is not able to accumulate sufficient capital. As in the case of the USSR, agriculture therefore had to largely serve as the source of accumulation for industrialization. Cooperatives and individual farmers were obligated to deliver their produce at the low prices set by the state. On the other hand, they had to pay unduly high prices for the industrial goods they needed.

Individual farmers were subject to a progressive income tax. This meant not only that money was taken from the farm sector and allocated by the state budget to other sectors, but also that investment in agriculture was actually neglected, especially up to 1955. The extent of exploitation has declined somewhat since the 1960's, and obligatory deliveries were canceled in 1971.¹⁴

The profit transfers of enterprises represented another source of accumulation. After allocation to various enterprise funds, profits had to be paid over to the state budget. While such payments amounted to only 3.4 percent of state budget revenues in 1950, they accounted for 22 percent in 1987. Taxes and levies that still accounted for 11.4 percent of state revenues in 1950, are no longer payable by the public.¹⁵ Consequently they cannot be used for investment purposes. The importance of the state budget for the redistribution of resources is demonstrated by the fact that 52.5 percent of state spending in 1987 went into the economy, in 1980 the percentage was even higher: 57.6 percent.¹⁶

Preventing the public from spending was another means of capital accumulation. Wages and salaries were kept at a low level, and there was very little difference in incomes. Consumer goods were in short supply. This enforced savings process is also one of the typical features of socialist industrialization policy.

Another widespread method of capital formation was the mobilization of the masses to provide "voluntary" and unpaid extra shifts (similar to the Soviet "subbotniks"), the use of school children, students, soldiers and so on for road and railroad construction and for terracing mountainsides. Quite a lot of money was saved in this way.

Still, Albania will not be able on its own to catch up with Western economic development. Despite the advances achieved in industrialization, the country cannot possibly hope by internal capital accumulation alone to cope with the urgently needed modernization of its production capacities and the manpower transfers involved therein. If it genuinely wants to emerge from its economic and political isolation, Albania will therefore have to obtain foreign capital in the form of loans or even capital investments. Nowadays even the PPSH and not just the new opposition parties appreciate that fact. Amendments to the constitution are intended to facilitate the acquisition of foreign loans. Indeed, the PPSH's election program for the planned February 1991 election mentions such an aim.¹⁷ Of course it would be imperative to make sure that the foreign loans in fact serve the improvement of the economy's capital equipment, not—as in the other former socialist states—the closure of state budget gaps, the importation of capital goods that are not adaptable, nor the importation of consumer goods and other consumer-oriented goals.

The Results of Industrialization

Following 45 years of largely autocentric socialist industrialization in Albania, the question arises whether and

what successes have been achieved. The country has succeeded in establishing new industries and progress from a purely farming state to a mixed agrarian-industrial economy. If we look at Albanian statistics (though their accuracy is doubtful), industry in 1990 has turned out some 57 percent of the total social product (comparable—with some exceptions—to our gross national product; the gross social product does not take the services sector into account). According to plan figures, industry, construction, and transportation account for 52 percent of the national income, agriculture and forestry for 42 percent.¹⁸ However, industrialization has been achieved at low technical standards.

Not only did the Albanians succeed in the past decades in increasing the mining of raw materials. They also managed increasingly to process them in the country, thereby making sure that the net product remains at home. The metal processing industry was expanded, and so was the consumer goods industry. The country's electrification was completed. However, 52 percent of Albania's manpower is still employed in farming and forestry (1960: 55.6 percent¹⁹; FRG: 4.6 percent). This shows how relative the achieved successes of industrialization are by comparison with the highly developed West European industrial countries.

The most important regions of the country have been interconnected by a relatively sound road network. In 1987, it handled 65.7 percent (in 1970: 81.5 percent) of all transports.²⁰ The network of asphalted roads amounts to 12,000 km. The railroads have a relatively low capacity; they run across 500 km (the plan calls for 700 km by 2000). Railroads mainly open up the coastal plains from Shkoder in the north to Vlore in the south, as well as the chromium and nickel deposits. They account for 32.6 percent of transportation services (1987). Albania has now joined the European railroad network by constructing the Shkoder-Hani i Hotit line. The country created its own merchant fleet for coastal shipping; the gross tonnage of its largest vessel is 16,000. Still, it is relatively unimportant in terms of total transportation (1.7 percent of transportation services in 1987).

Industrialization has not so far had much impact on foreign trade. Even now, exports of raw materials and fuel account for 40 percent of the total, farm produce for about 44 percent. The most important customers for Albanian products are Czechoslovakia (12.4 percent of total exports) Yugoslavia (11.1 percent) and Romania (9.3 percent). The FRG gets 4 percent of Albanian exports, the former GDR 6.8 percent.²¹ United Germany may therefore well become the country's third most important foreign trade partner. However, considering the present structure of exports, the chances for expansion are not great. Not without reason are the relatively poorly developed CEMA countries Albania's most important trade partners.

In contrast to other eastern and southern European countries, Albania did not deviate from its socialist

development concept until 1991. The limits of that concept were, however, acknowledged somewhat earlier. Critiques of misdevelopments in the planning system began to appear some time ago. Hekuran Mara, for example, objected to the excessively detailed planning of the economy in Albania, saying that it was an obstacle to development and made plan fulfillment unlikely.²² At present, not only the new parties but also the PPSH are calling for the reform of the system. The measures adopted in the farm sector (reintroduction of limited private ownership of cattle, reintroduction of farmers' markets) have so far been marginal only, but here also change appears imminent. Industrial enterprises are to become largely independent, including pricing. Enterprises operating at a loss are to be closed down. Centralized management structures are to be abolished. In contrast to past practice, the development of consumer goods industries is to be emphasized. Private ownership of means of production is to be made possible and joint ventures encouraged.²³ All this and the envisaged opening to the world markets will mean a fundamental change in the Albanian economic system, going toward the market economy. Genuine industrialization will then begin and will free the country from its backwardness.

Footnotes

1. See Pernack, Hans-Joachim: "Problems of Albania's Economic Development. Study of Economic and Socioeconomic Change From 1912/1913 to the Present," (SUED OSTEUEPA-STUDIEN 18), Munich 1972, pp 74f.
2. Gross, Hermann: *Suedosteuropa, Bau und Entwicklung der Wirtschaft* [Southeast Europe, Structure and Development of the Economy], Leipzig 1937, p 204.
3. Compare Pernack, Hans-Joachim, op. cit., p 95.
4. Compare Banja, H. and Toci, V.: *Socialist Albania on the Road to Industrialisation*, Tirana 1979, pp 29f.
5. On this and the development of Albanian agriculture see Wildermuth, Andreas: "The Crisis of Albanian Agriculture. Attempts To Solve It By the Party and Government Leadership Under Ramiz Alia" (WIRTSCHAFT UND GESELLSCHAFT IN SUEDESTEUEPA, Vol. 6), Neurich 1989, pp 6ff.
6. See Russ, Wolfgang: *Albania's Approach to Development. A Contribution to the Concept of Autocentric Development* ("Translines-Studien zu Politik und Gesellschaft des Auslandes" [Translines Studies on the Politics and Society of Foreign Countries], Vol. 11), Meisenheim am Glan 1979, p 126.
7. See Stalin, J.V.: *Questions of Leninism*, East Berlin 1954, p 462.
8. See Marx, K.: *Zur Kritik der Politischen Oekonomie* [On the Critique of Political Economics], Berlin 1947, p 13.
9. See Albanian Statistical Yearbook 1988, p 24.

10. Compare Mara, H., p 103.
11. See Gross, H.: "Albania Between the Powers. A Contribution to the Development of Underdeveloped Regions," WIRTSCHAFTSDIENST (Hamburg), Vol. 29 (1949), No. 6, p 6.
12. See Hamm, H.: *Rebellen Gegen Moskau [Rebels Against Moscow]*, Cologne 1962, p 76.
13. Compare Pernack, H.-J., op. cit., p 123.
14. Compare Wildermuth, A., op. cit., p 9.
15. Compare Albanian Statistical Yearbook 1988, p 134.
16. Ibid, p 135.
17. Compare ATA, Tirana, 5 January 1991.
18. Compare Mara, H., op. cit., p 105.
19. Compare Albanian Statistical Yearbook 1988, p 69.
20. Ibid, p 114.
21. Ibid, p 128.
22. Compare, for example, Mara, H.: "Problems of Economic Theory and Practice in the Present Development of Our Country," ALBANIEN HEUTE, No. 6 (102), pp 36-41, specially, p 38.
23. Compare Communiqué of the PPSH's Central Committee of 26 December 1990 and PPSH Election Program, ATA 26 December 1990 and 5 January 1991.

BULGARIA

Privatization To Generate Recovery

91BA0580A Sofia DELOVI SVYAT in Bulgarian
8 Apr 91 pp 1, 3

[Interview with Prof. Dr. Zakhari Karamfilov, chairman of the Grand National Assembly's Economic Policy Commission, by Borislav Kosturkov; place and date not given: "The Archimedes' Level Said to Be, Perhaps...Privatization"]

[Text] Prof. Zakhari Karamfilov did not flash on the parliamentary horizon like a meteor. He did not make his mark at the very start with a "pundit's" brilliant words, with biting retorts; he was not tempted to take advantage of direct radio broadcasts and TV reportage for a head start on his campaign for the impending elections. On the contrary, Professor Karamfilov gained recognition gradually, slowly, and methodically for his undeniable competence.

Born in 1935 in Kavarna, Professor Karamfilov was graduated from the then Commercial Gymnasium and, after that, from the D. Blagoev VINS [Higher Institute for the National Economy] (now the Economics University) in Varna. He devoted himself to scientific work in

the area of systems analysis, fundamental economics, and informatics. He was first employed in Varna but later founded and, for long years, headed the Control and Programming Section in the Scientific Research Institute for the Economics and Organization of Machine Building in Sofia. He is now the head of the Automation and Informatics Activity Faculty at the National Educational Center for Informatics. He is a doctor of economic sciences. He was elected a Union of Democratic Forces-Bulgarian Social Democratic Party deputy in the 190th single-seat electoral district in the Iskur Obshtina in Sofia.

The interview with Professor Karamfilov began with an attempt to characterize economically the present stage in Bulgaria plus an attempt to forecast (risky as a forecast may be) our development at least to the end of the year.

[Karamfilov] We find ourselves in a very crucial transition (Prof. Zakhari Karamfilov imparted), due primarily to the change in our economic system. This change takes the form of a radical restructuring of our economy and the creation of conditions for the evolution of a market economy. Our final goal is the creation of sectors that are founded on our national resources and historical traditions and, on the other hand, the stagnation and even liquidation of the sectors for which we do not have the necessary raw-materials base. Therefore, the reform can literally be divided into two parts: a stabilization program and the accomplishment of out-and-out restructuring.

[Kosturkov] Do you not think that every hour lost and a retarded tempo increase social tension? In February, production fell 12 percent in comparison with December 1990. Actually, the government's expectations have been exceeded by just 2 percent, but the tendency will continue....

[Karamfilov] The stabilization program aims precisely at cutting short the curve of the physical drop in the volume of production so that, by the end of the year, it will level off at 8-20 percent. Actually, the drop is now continually growing. The reasons are various, and, unfortunately, the high interest rate for enterprises stands out as one of them. The root of the evil is embedded, however, in the entire development hitherto of our socialist enterprises, which for many long years "lived from hand to mouth" on credit under conditions of a large relative share of dead working capital and a large quantity of unsold output. It is well known that dead capital yields no income and does not multiply.

That is why the monetary measure aims precisely at creating this economic compulsion that will give the enterprises the impetus to get rid of their encrusted working capital and unsold output. The monetary approach—and, as a result, the economic sanctions against unprofitable enterprises—is only the starting torque. The radical economic levers that would reform

things and speed up the transition to a market economy are privatization, and I include here return of the land, as well.

[Kosturkov] You have mentioned the adoption of the Law on the Ownership and Use of Agricultural Lands, which is regarded as the Grand National Assembly's greatest success thus far. What, in your opinion, is its future, and what are your forecasts for agriculture in general?

[Karamfilov] Much depends on how the Land Law is applied. Unless the bureaucratic procedures and stumbling blocks usual for Bulgaria come into being, we can expect this fall the activation of agricultural production, the creation of conditions for its growth over 1990, and a certain satisfaction of the market. The state will probably help, too; it should convert agriculture into a priority sector. Priority takes the following forms: the channeling of foreign investments into it; the creation of budgetary alleviations (tax abatements) for construction in the private sector; the organizational role of the state in creating and equipping new farms whether private, cooperative, or joint-stock. Of great significance is the establishment of agricultural banks that will operate with foreign capital, too.

Very important, to be sure (I know that the government is also of this opinion), is the formulation of a protectionist policy that will economically impede and almost bring to a stop the speculative export of agricultural products. Every normal state is concerned about feeding its own population first and thereafter profiting from exports. Unfortunately, that is not so in our country at present.

[Kosturkov] You well understand that the commission over which you preside and the Legislative Commission are at one and the same time "generators" and "filters," through which economic laws pass "en route" to plenary Grand National Assembly sessions. It is precisely they that could speed up the pace of reform. Do you have good news for us? Are you optimistic in this regard?

[Karamfilov] Mr. Dimitur Popov's government has, with good reason, withdrawn for further work a good many laws introduced by the previous Cabinet that were not up to the necessary level. We have lost a great deal of parliamentary time in debates over changes in and additions to Ukase 56, which proved to be a limitless sea.

We are already ready for debate of the Commercial Law in plenary sessions. It is to rescind the principled formulations of Ukase 56 and establish the juridical status of all firms and organizations carrying on production and commercial activity. We are counting on the Commercial Law to provide a radical reform solution in Bulgaria.

Of key significance also are the laws on the protection of foreign investments and competitors.

Our Western partners have said that they cannot deal with us unless we have the same information language. Thank heaven, the Accounting Law has already been adopted, and the Law on Statistics has gone into its second reading. The question of exchanges has not yet been decided, however; the Audit Office Law, already accepted by our commission, has been withdrawn by the government. We cannot speak of an actual transition to a market economy when we do not yet have a number of the institutions and the legal foundation for it.

Still, the "Achilles' heel" is the Law on Privatization, not yet introduced. It is no less complex than the Land Law. Actually, a methodological breakthrough has been made with the latter. In that case, the problems boiled down to what was to be returned and by what procedure ownership was to be returned, but the identities of the persons concerned were known. For privatization, at present the identities of the future ownership are missing, with the exception of so-called big city property.

Nevertheless, we are proceeding in the right way. If we proceed at an accelerated pace from monetary measures to privatization and to creation of market-economy institutions, we can expect to create and strengthen the private sector by the end of this and the beginning of next year.

Urban, Rural Differences in Prices Noted

91BA0564A Sofia TRUD in Bulgarian 3 Apr 91 pp 1-2

[Article by Romyana Kaleva, senior research associate with an M.A. in economics: "Regional Manifestations of the Price Storm; The First-Month Study Revealed the Great Victim: the Capital City Population"]

[Text] The HOW WE LIVE magazine and the TRUD daily regularly familiarize their readers with the general and individual consumer price indexes. In this publication, an analytical attempt is made to show for the first time regional differences in the cost of living increase as manifested only under the influence of the food "prices" factor. This is also the first attempt to separately analyze coming changes emerging mainly from different ways of understanding the "price liberalization" concept—different because they were set by local price-setters, administrators, bosses, and monopolists. I also dare say that these are not prices of a real market, formed only under the laws of supply and demand, on the quality of similar and different goods and services, and on competition among the various goods manufacturers.

So. What do the numbers show?

Consumer Price Indexes for Food Products
(According to Type of Populated Area, on or About 28 February 1991)
Base: December 1990=100

| Type of Goods | | General Index for the Country | Including Indexes for: | | | | | |
|---------------|--|-------------------------------|------------------------|----------------------------|----------------------|------------------------------|----------------------------|----------|
| | | | Sofia | Very Large (Oblast) Cities | Large (Okrug) Cities | Small Cities (10,000-20,000) | Cities of the Village Type | Villages |
| 1. | Food Products | 278.8 | 322.5 | 299.3 | 270.6 | 275.9 | 279.8 | 310.6 |
| 1. | Meat and meat products | 439.3 | 538.7 | 412.5 | 408.7 | 416.2 | 465.0 | 603.0 |
| 2. | Fish and fish products | 319.3 | 545.0 | 165.4 | 245.5 | 299.7 | 201.9 | 260.8 |
| 3. | Milk and dairy products | 697.8 | 772.2 | 704.3 | 661.3 | 680.5 | 685.5 | 728.8 |
| 4. | Eggs | 440.0 | 545.0 | 425.0 | 420.0 | 460.0 | 440.0 | 470.0 |
| 5. | Fats | 352.0 | 380.7 | 397.3 | 340.3 | 352.7 | — | 289.3 |
| 6. | Bread and bakery products | 393.9 | 453.0 | 378.4 | 384.6 | 375.7 | 378.0 | 447.1 |
| 7. | Flour prepared and semiprepared foods | 216.9 | 227.7 | 217.4 | 226.3 | 214.3 | 203.0 | 152.6 |
| 8. | Vegetables and canned vegetables | 231.7 | 258.5 | 320.3 | 241.2 | 244.9 | 266.1 | 164.8 |
| 9. | Fruits and canned fruits | 151.0 | 181.8 | 139.6 | 145.0 | 144.2 | 148.2 | 163.9 |
| 10. | Sugar and sugar products | 235.2 | 251.6 | 242.0 | 216.5 | 256.6 | 215.2 | 379.5 |
| 11. | Coffee, cocoa, and tea | 91.2 | 93.5 | 82.1 | 81.0 | 75.2 | 79.8 | 165.0 |
| 12. | Drinks and tobacco products | 216.9 | 224.1 | 237.6 | 205.4 | 201.7 | 199.6 | 183.0 |
| 13. | Food in OKh [public catering] establishments | 171.6 | 172.8 | 207.1 | 213.1 | 168.1 | 104.5 | — |

The indexes express a situation and tendencies that have developed administratively and not according to the market. They provide grounds for some deductions:

First. The price storm is quieting down gradually. This means that the influence of factors such as hunger, shortages, and demand were overestimated, whereas the solvency of Bulgarian homes, the psychology of the Bulgarian people, food reserves in home storage, and others were underestimated. Let us hope that, in the future, whoever is responsible for the quantitative values of prices starts to take into account more frequently supply factors such as product quality, type, purpose, design, comfort, and so on. Let us hope that the urge to make a profit at all costs and in every case—to get rich and to get rich quick—will be quelled.

Second. A clear tendency is becoming apparent for goods producers to smooth out and eliminate contradictions collected over the years, precisely now, during the transition toward a market economy. Time will tell whether this is the most proper way, but it seems to me that it is inhumane, unsocial, and shortsighted to predetermine limited consumption of foods of primary health importance for Bulgarian children and Bulgarian workers only on the basis of their high prices. The data show unequivocally that the greatest price increase is for milk and dairy products—6.9 times (the greatest jump is in Sofia,

where the share of children in the different age groups is the greatest); eggs—4.4 times; and meat and meat products—4.3 times.

Third. Indexes for okrug cities have a strong influence on the national ones. In the first place, it is because they, as a location, have “drained” demographic resources from the surrounding little cities and villages and that, therefore, a relatively large part of the population lives there, and, furthermore, because over the years they have distributed capital investments actively but inefficiently in order to build up their own material and commercial network in such a way as to serve them well. During the present period, the rate of price increase there is medium, so that the deviation is manifested higher up in the capital city and in the small populated areas.

Fourth. Is it necessary to comment on the high prices in the capital city? Everyone will say that things are this way everywhere in the world. Yes, but the shown correlations for concentrating the young population in it, the greatest number of young families who do not have homes of their own, the high percentage of scientific and creative intelligentsia that for years and even today cannot overcome the low- and medium-level remuneration for their work, and other factors make us pay greater attention to the expected social consequences. This is even more necessary during the transition, when we are setting up the criteria for defining certain groups of

people as socially disadvantaged. Even while there is still no true labor market, these smart young people should find adequate prices for their work.

Fifth. The tendency for a price index increase in small populated areas shown during the study can find its corresponding argument, in the first place because families there still produce most of their food. They still do so, or rather more so. These theses are difficult to prove because of the insufficient information we have. But, one way or another, the tendency makes us open our eyes regarding the cost-of-living increase in the place where things are produced. Do expenses swell up only because of transportation costs, and is that why goods become more expensive? Are these manifestations of local regional monopolism? Or terrorism over their own people? Or do neighbors supply each other in private or according to other, now accepted, ways that cannot be reflected in the official observation data? It seems to me that all of the enumerated reasons have some influence but should not be overlooked in the administration of future social processes.

The transition period from a strongly centralized to a market mechanism of living standard management is a complicated one. This does not mean that it is uncontrollable. Complexity emerges from the multilayer nature of reform. The objective course of transition assumes that there is time for synchronization, for balance, for sticking together with regard to rules, production, and organization. To shorten the time of this course, it is necessary to eliminate or suppress our national nature, which frequently gives priority to political interests over national economic interests. Economy in the past and now, and more so the economy that we want to build, does not recognize any bias. It can be managed only with truths that shine without words and are summed up in several facts. Are there goods on the market? Are they affordable for the middle-level working people? Is the trend toward export becoming more confident? All right, then, let us go forward. The worst is over!

CZECHOSLOVAKIA

Alternative Reform by Independent Economists

LD2905105491 Prague, CTR in English 182 GMT 27 May 91

[Text] Prague, 27 May (CTR)—A conference on an alternative proposal to the government's economic reform program will be worked out and submitted to the government by the end of June 1991. A group of independent economists from Bohemia, Moravia, and Slovakia are working on it here today.

The press conference followed a conference on the current state of the Czechoslovak economy organized by the Extraparlimentary Assembly. The Extraparlimentary Assembly consists of parties not represented in parliament, including the Green Party, Movement 70,

the Czechoslovak Free Farmers' Party, the Czechoslovak People's Party, and the Czechoslovak Democratic Party.

The economists say the most elaborate counter-proposal to the current government's conception so far is the one worked out by a group of Slovak economists called "NEZES" (Independent Economists of Slovakia). This new group intends to work out a Czech equivalent whose main objective will be to shorten the duration of the current economic decline and curb the slump.

Members of the group said there is no single economic dogma that can be followed and that it is necessary to prevent current global economic troubles—especially marketing problems—from affecting Czechoslovakia. They pointed to the Czechoslovak agricultural reform which, in their view, will result in a decline in agricultural production and they expressed fear of an imminent agricultural recession.

HUNGARY

Soviet Trade Payment Problems Aired

LD2805225491 Budapest Kossuth Radio Network in Hungarian 1000 GMT 28 May 91

[Text] The Hungarian-Soviet economic days have opened. In connection with this, Gabor Kereszti reports on the present situation in trade between the two countries.

The Hungarian-Soviet trade balance shows a significant surplus on the Hungarian side after the first quarter. Our country has exported goods to the Soviet Union worth some \$400 million, while importing mainly raw materials worth some \$100 million. However, the problem remains that the Soviet party still struggles with difficulties in payments. One of the reasons why the present economic days have been organized was for the two countries to seek solutions to overcome payment difficulties. The economic advisor of the Soviet Embassy stated that the Russian Federation will make a decision on a \$600-700 million barter agreement this week. The club of Hungarian entrepreneurs wishes to introduce, as soon as possible, in Hungary as well as in civil life, the results achieved in various research centers of the Soviet Union, which are in fact considered top techniques. Following this, they wish to enter the world market together with the Soviet party.

The experts present noted that there is hope for doing joint business on the entrepreneurial rather than the state level in the future. However, it is expected that the previously optimistically overboosted trade between the two countries will be reduced by 70 percent in the future.

French Aid to Hungarian Nuclear Power Station

LD3005114491 Budapest MTI in English 1322 GMT 27 May 91

[Text] Budapest, 27 May (MTI)—The French electricity board Electricite de France (EDF) has put in a bid for

building two new 960-mw PWR blocks of French design under an expansion project launched by Hungary's Paks Nuclear Power Station.

The French company resubmitted its detailed offer to the new general director of the Hungarian Electricity Board on Monday.

The Hungarian Government is still working on the country's long-range energy strategy, and no decision whatsoever has yet been taken as to what power plant capacity Hungary needs, or indeed what type of power plants should be constructed.

Environmentalists here say that if consumption were more efficient, there would be no need for an increase in electric energy production in Hungary.

Outlining the French offer, M. Jean-Michel Fauve, EDF's international director, told a press conference today that the two blocks EDF has offered to construct would have an annual output of 12 billion KWH of electricity.

Hungary's electricity consumption was 37 billion KWH in 1990.

According to preliminary French figures, the investment project planned at Paks would cost 3.5 billion USD.

Twenty-five percent of the costs would be ensured by subcontractor credits from various French and German business partners.

Hard-currency loans would have to be taken out for 52.5 percent, and forint loans for 22.5 percent of the investment project.

Hungarian industry would get orders for supplying 35 percent of the equipment and services.

France would buy 50 percent of the energy produced, and this money would be used to repay the credits and the cost of pulling down the two blocks after 25 years in service.

EDF would supply fuel from its own strategic resources, but the problems of storing spent fuel and its later fate would be left to the Hungarians to solve.

Kupa on Debt Servicing, Convertibility

LD2805225591 Budapest Kossuth Radio Network in Hungarian 1100 GMT 28 May 91

[Text] Mihaly Kupa is against Hungary asking for the rescheduling of its debts. He, however, believes that in return, we should receive more reasonable treatment from the creditors. This was said by the Hungarian finance minister at an international conference in Switzerland. He said the government's ultimate task in the next two years will be the battle against inflation. Regarding the forint's full convertibility, he said that they would like to implement that by 1993, in a way that should not endanger external and internal stability.

Mihaly Kupa stressed that Hungary would like to become a member of the European economic region to evolve from the merging of the Common Market and the European Free Trade Association.

Shortfall in Environment Ministry's Budget

LD2805220591 Budapest MTI in English 1233 GMT 28 May 91

[Text] Budapest, 28 May 1991 (MTI-ECONEWS)—The Hungarian parliament has earmarked 2.2 billion forints from the state budget for the Ministry of Environment and Regional Development this year.

Of this amount, the ministry has allocated 200 million forints for regional development projects.

It has earmarked 27 percent of the remaining 2 billion forints for the environmental protection inspectorates, another 27 per cent for monument protection, 17 percent to finance the workings of the ministry, 9 percent for nature conservation, 7 percent for the meteorological service, and the remaining amount for special tasks and reserves.

Barely half way through the year, and it is already clear that these sums will fall far short of the actual expenditures of the various organizations and services.

The ministry has, therefore, applied for an additional 444.7 million forints, budget support.

As a stop-gap measure, funds have been regrouped from various areas to meet the ministry of the environment's costs.

Meanwhile, the Ministry of Finance is studying whether any of the budget reserves could be used to supplement the original allocation of the Ministry of Environment.

Expenditures on Environmental Protection Revealed

LD2905004191 Budapest MTI in English 1336 GMT 28 May 91

[Text] Budapest, 28 May (MTI-ECONEWS)—Hungary has spent an annual 10-12 billion forints on environmental protection in recent years. Until 1987, this represented over 1 percent of Hungary's GDP but since then expenditure has dropped below this percentage.

In 1989, 53 percent of the budget went on sewage treatment and water protection, 18 percent on handling waste products, 14 percent on the protection of arable land, 10 percent to combat air pollution, with the remainder going to small projects.

In 1990, 1.1 billion forints was allocated for environmental investment projects from the central environmental protection fund and from the council fund and the water management fund earmarked for the four most polluted counties and Budapest.

This money was raised from fines for environmental offences.

The state also granted 400 million forints for environmental protection, to be repaid on easy terms, and 60 million forints in nonrefundable support. Tenders were invited for potential users of the support.

This year, the situation is different because the council fund has ceased to exist and the part of the water management fund set aside for environmental protection has been transferred to the central environmental protection fund.

The central environmental protection fund expects to have an income of 850 million forints this year, mainly from fines, of which 600 million forints are to be spent on central purposes, 250 million forints will go to local councils who will, however, not be obliged to spend all the money on environmental protection.

Of the 600 million forints, 320 million forints will support environmental protection projects invited by tender. One hundred and eighty million forints go towards improved monitoring of pollution, to nature preservation schemes and to purchase land for nature reserves. Sixty million forints will be spent on research and development, while 40 million forints will be set aside to cover unforeseen expenditures.

This year, the state budget will also grant nonrefundable support of 350 million forints to be made available by tender.

Foreign funding is likely to complement domestic sources. Of this, support from the Phare programme is the most significant, with 25 million ECU [European Currency Units] allocated to Hungary last year and 10 million ECU this year.

YUGOSLAVIA

Problems of Privatization Process Viewed

Croatian Plan Criticized

91BA0615A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 15 Apr 91 pp 12-13

[Article by Drazen Kalodjera: "Privatization: An Impermissible Adventure"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] Croatian privatization law [is] essentially a governmentalization law. A thousand questions remain unanswered. Transformation of employees into government workers marks end of political democracy.

The volcanic political and economic collapse of real socialism is in reality the collapse of the economic system of state ownership, and in our case the state ownership structure of the economic system as well. The abolition and disappearance of private ownership was in

both theory and practice the major and decisive dividing line between socialism and capitalism. As the theory of socialism has it, only when private ownership disappears does a transitional period begin and is the requirement fulfilled that "conscious state planning replace the chaotic conditions of the marketplace."

Socialism, eliminating the individual citizen as owner, departs from the stage of history leaving the economy in ruins, enterprises faced with disintegration, and workers without employment.

Postsocialist society finds itself confronted by the inevitable necessity, proceeding from these ruins as its inheritance, of finding ways and means of restoring the market and its basic prerequisite, individual private ownership.

But as Nobel Prize winner James Buchanan states, "Socialism is dead; Leviathan lives," that is to say, the collapse of socialism does not mean restoration of the marketplace. The state remains as Hobbes' mythical monster, which allows neither man nor environment to survive. In virtually all postsocialist societies one encounters the syndrome of fear of freedom, of the individual as a person, as creative person and entrepreneur, as rich man and millionaire. One hears again the socialist realism pronouncements about the state as defender of the "integrity of public property;" about a "transitional period" during which the state is owner of public property until private ownership is instituted (words that we heard in a different context 40 years ago); about nationalization to prevent plunder and introduce "order and work" (something that irresistibly suggests a certain amount of historical experience); about a state that will rehabilitate the economy and channel resources toward the "proper projects of the 21st century," among which priority is given to projects of the 19th century (such as public works projects); about capital replacement entities, that is, holding companies such as the major technical systems, the railway transport enterprises and electric power companies associated with machine building, which the entire world has abandoned and which in our country are being resurrected from the ashes of the central planning system, and so on and so forth.

No one in our country today is embarrassed by the fact that all countries, or at least all the countries with the most highly developed industries and marketplaces, along with the vast majority of developing countries, are rejecting the ideology of the state as owner, realizing that the state as owner has always and everywhere predetermined things, that never and nowhere does the state create anything, merely taking from some and giving to others. We live with the false conviction that our state will be different from and better than all others, or as Voltaire put it "the best of all possible worlds."

Such hard contents must, of course, be wrapped in soft packaging. And again we hear well-known assertions to the effect that nationalization is a brief interlude on the

road to privatization. This suggests the familiar allegation of dialectical materialism that "the state will wither away as it becomes stronger."

Consequently, let us call things by their right names. In its first draft and in its form and content, the Croatian Law on Conversion of Public Enterprises should be termed a law on nationalization and sale of public enterprises. If it were to be named and conceived as such, and not named as it is by reflex, a number of ambiguities and dilemmas would be avoided, and at least a somewhat responsible state would be obtained in place of an irresponsible agency and foundation.

While we cannot undertake to examine the fundamental principles of privatization as proposed by this law, which are nothing but a confused mass of the concepts of socialist realism (for example, what, in an open market economy, which is inconceivable without the rights of foreign investors to buy and sell, is meant by protection of so-called acquired national wealth?), we must dwell at some length on two crucial points in the draft law, which persist despite a number of milder formulations in the working versions of the draft.

The first point is that the government assumes ownership directly, through its government institutions represented by the Agency for Restructuring and the Foundation for Development, although this is not explicitly declared to be a basic property right and obligation in connection with sale of public enterprises. Pronounced independence of selection and spontaneity in transformation of public enterprises are reduced to a consultative role. The final decision regarding a buyer, the price, the terms, and all relevant questions connected with the sale of an enterprise are made by the agency and the foundation. The funds obtained from the sale are to be paid to the foundation. The independence of enterprises is doomed to extinction. The government extends to an enterprise the right to select the method of its euthanasia.

The second point is that, as soon as the conversion law enters into effect, the state immediately becomes the actual owner, and on 30 June 1992 the formal owner, of all unsold enterprises having registered capital. The ownership rights are stated merely in approximation. How will the state administer a minimum of 3,000 publicly owned enterprises? What mechanism will it need for this purpose? What responsibilities are involved, and who is personally responsible? Thousands of other questions, ones strategic and vital to any economy, remain largely unknown quantities, and the entire undertaking is an impermissible adventure.

The latest changes made in the existing draft demonstrate a willingness that should be exploited. The rights of the agency and the foundation are limited, the discount for employees is increased to 50 percent of the value of shares, and the possibility is even provided that the fund may give shares to employees at the discretion and with the consent of the government. It is apparent

that criticisms have been levelled in effect by individual economists, this a rare occurrence, but they have a specific target. The possibility has been created of establishing a rule by way of exceptions.

As a rule, however, the fundamental dilemmas persist, in that two approaches, two concepts, are involved. The first concept is that privatization is to be accomplished through nationalization, that is by a process in which publicly owned enterprises are taken from the state and parastatal institutional owners and sold. In the second concept, the state as the owner and businessman is bypassed, and the enterprises are transferred to individual owners.

We must immediately point out and stipulate that both approaches are legitimate.

These approaches also contain fundamental ambiguities that arise in the privatization process.

The first is the question whether capitalization, that is, establishment of ownership, may be linked to additional capitalization, that is, a much stronger infusion of fresh capital.

A second question is that of whether it is possible to achieve a management structure that will ensure an efficient mechanism of control over the operating structures.

It must also be asked if it is possible to establish a capital market, that is, a stock market, and thereby establish the only objective form of assigning a value to public resources.

Last, is it possible to achieve macroeconomic effects that will introduce greater stability and impetus for development, along with an overall system of economic operation?

The fundamental concept of the proposed law and the approach to privatization are represented by the approach of the state as owner and entrepreneur.

The basic structure of the law rests on the sale of enterprises. Privatization is to be carried out in two stages. In the first, the state either explicitly or implicitly assumes ownership of an enterprise as its own, and on the basis of the conversion program decides whether it will permit this or not (see Article 12). In the second stage the state sells, the new owner takes over, money comes to the state, and the state determines at its discretion how the money is to be used. Even though the law has attempted to introduce certain rules of allocation at this point, in essence only in one area is the discretionary right of the state channeled in a particular direction.

Consequently, the state initially becomes intermediate owner and administrator, and, as of 1 June 1992, the absolute formal legal owner.

This concept fits into the framework of a broad vision and orientation that perceives the solution to Croatian economic problems in strengthening the state and state ownership.

At the microlevel in the economy this is to be seen not just in this law but in the flood of public enterprises both at the level of the republic and at that of the municipality, where this might be logical, as in the case of natural monopolies, but also where it is a legal trick, as is foreign trade, fairs, and the like, which are things outside our shaky legal system.

The same problem exists with the so-called holding companies, which in reality are government administrations, like the Rade Koncar, the Djuro Djakovic, and the one now proposed for shipbuilding. The draft law fits well into these trends and logically operates within this framework.

It has been pointed out, however, that nationalization is also a legitimate approach. But however unequivocal the import and framework of the law may be, the wording and the techniques applied are euphemistic and cause confusion.

Rather than clearly defining the status of the government as owner and manager, the law attempts to conceal this status, and in its interpretation proceeds on marginal premises which are being stressed as the main ones, while the true main premises are being passed over in silence. For example, the independence and the decentralization of the conversion are being stressed, enterprises independently determine how they are to be transformed and the like, while it is not pointed out that the final decision about everything is to be made by the agency and that the purchase money goes to the foundation.

The criticism levelled at privatization by nationalization and sale is well known. We will here merely stress the following points:

1. Acquisition of shares by the foundation and administration of enterprises as a "transitional period" economy is not only risky but unsuccessful. Nowhere, absolutely nowhere, in the world has it yielded good results. The ease with which this fact is ignored is astounding. The problem of how a government is to administer several thousand enterprises could not be solved even under the best of conditions, let alone under conditions in which the economy is bankrupt and when losses exceed capital gains many times over (according to recent data by a factor of six).

2. Also astounding is the ease with which the fact is ignored that there are a very limited number of buyers for our enterprises and portions of enterprises, even for enterprises that perhaps should not be sold at all, or ones that really are outside the confines of overall public ownership and which only private buyers, by no means government, would obtain.

3. It is surprising how easy it is to ignore the fact that the sale is not only an economic act, but is also a deeply political and social act with major implications.

4. It is astounding the ease with which the fact is ignored that not in a single socialist country has such a sale yielded good results, and it even failed in East Germany. It is simply that neither conditions, money, nor buyers exist for purchasing. A special attempt is made in the book to point this out.

5. The costs associated with selling are enormous, even though the draft law states that the conversion entails no new costs. The costs are direct and indirect. The direct costs are represented by the growth of the administrative apparatus, and the indirect ones by adoption of a passive attitude, loss of business initiative, and expectation that the state will solve the problems.

6. The costs of conversion, the price of conversion, estimates, and the like present an opportunity for plunder, and preventing plunder by nationalization is the same as trying to put out a fire with gasoline.

7. The removal of motivation and adoption of a passive attitude, on the one hand, and expectation of an owner, on the other, will create extremely great and difficult problems in every enterprise. Under such conditions it is not surprising that a large number of managers and employees are hardly welcoming the prospect of becoming government employees, of being assigned to the various wage categories, or that directors, who until yesterday had committees as bosses, are looking forward to having new bosses in the government.

8. Last, nationalization as a political act also means conversion of employees to government employees, something which marks the end of political democracy. Fear has already been aroused at meetings. When there are mass firings, when every job is threatened, becoming a government employee means becoming an obedient subject.

The draft is based on the assumption that everything nationalized will be sold as soon as possible to buyers, domestic and foreign corporations and individuals. A crucial question is whether a market and buyers exist for the approximately 3,500 publicly owned enterprises in Croatia, for assets estimated at \$10-30 billion, whether there is a market price, over what period such a grandiose major undertaking could be carried out, and what malpractices are possible in the process.

If enterprises were to be sold every year for only \$1 billion, something that represents an enormous organizational and operational undertaking virtually impossible of accomplishment, it is clear that the official pronouncement to the effect that the law permits rapid and simple conversion is to say the least not to be taken seriously.

If this draft law is enacted, to put it optimistically, over the next 20 years we will have a firmly entrenched

government "command" economy, with a powerful and irresponsible government, with bureaucratized enterprises, managers, and workers, with productivity destroyed, and with a Europe '92 and world that will ignore and pity us.

However, the changes recently introduced do make it possible to use these very changes to modify the very essence of the law, and this evokes a certain amount of optimism.

Defects of Serbian Law

91BA0615B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 15 Apr 91 pp 10-11

[Article by S. Bogdanovic and M. Lakicevic: "Privatization: The State Will Wither Away as It Becomes Stronger"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] The federal government will soon propose amendments to the registered capital law. At the same time, the republics are independently drawing up regulations of their own. The Serbian version of privatization is about to be launched. Again, the government will derive the most benefit.

Unless changes are made in the interim, and the indications of this are increasingly clear, at the end of this week (on Friday the 19th), the Federal government is to submit to the Yugoslav Assembly a proposal to amend the Law on Registered Capital. But the question is the extent to which the republics, which are drawing up their own regulations, will be thrown into confusion or at least annoyed, some to a greater and some to a lesser extent. Several days after the federal parliament session, the Croatian parliament was to be held and the Croatian privatization law to have been enacted. In Slovenia, the assembly has already returned the law to the government several times for refinement, and in Serbia discussion of the first working versions of a law in this area recently began. Judging by what has thus far become known to the public about the concept of ownership restructuring in all three republics, it appears to be most certain that the government will become the biggest owner. Of course, it is already such, in that by its behavior in the past (regulatory and specific, that is, practical) it has more or less effected nationalization of almost all (former) public property. And when it regulates the ways and means of privatization, it places itself in the position of absolute controller and arbiter. In view of the nature of government in the current Yugoslav states, it is not difficult to divine the nature and scope of this arbitration.

The basic difference between the federal Law on Registered Capital and its working version and the Serbian Law on Conversion lies in the much larger role of the state, above all in the form of the Serbian Republic Restructuring Agency. According to the Serbian privatization concept, an enterprise must report an intended conversion to this agency, providing "data on the value

of registered capital and on the method of determining this value and discounts." This provision is nowhere to be found in the federal law, according to which the restructuring agency is primarily of the nature of a consultative body. In addition, in Serbia it is proposed that the agency issue a certificate that value has been assessed in accordance with the law (on conversion), and that there can be no registration in court without this certificate. Consequently, the value of registered capital would be determined on the basis of the book value on the date of the decision to issue internal shares, in contrast to the federal law, under which the book value as reflected in the final annual statement for the previous year is taken as the basis. However, there is an even greater difference in the requirement that assessment of business premises and other real property owned by a firm (housing, for example) be made on the basis of the market value (the lack of such protection is the biggest complaint about the federal law), because, allegedly, "the book value of these assets is much lower than the market value." It may be asked, however, just how this market value is to be determined when a market precisely for these assets does not exist at all in our country. It should be noted that only a small percentage of the total amount of housing is on the market.

Another essential characteristic of the privatization concept proposed in Serbia is that employees of enterprises may purchase a maximum of 40 percent of the internal shares, and accordingly that such shares may represent a maximum of 40 percent of the registered capital. At least 40 percent must be offered to "third parties," while the remainder of the registered capital, "after reduction by the amount of discounts, becomes the property of the Republic Development Fund." It should be noted that the federal law contains no such restrictions, while in the Serbian law they are justified by the need for preventing "privatization of registered capital to be restricted to a small group of persons in the group of employees." Employees also receive a smaller discount. This discount can be a maximum of 40 percent of the nominal value of shares purchased (there is the further proviso that shares exceeding 15,000 German marks in value may not be purchased), while under the federal law this discount may reach 70 percent (a "general" 30 percent plus one percentage point for every year of employment service). Persons outside the employee group receive a 30 percent discount. The period for redemption of internal shares is five years (10 years under the federal law). Shares not sold within a period of three months are to be transferred to the fund in the form of preferred shares.

Last, the fact of conversion and entry is recognized for enterprises that effected conversion and entry in a court register before this law went into effect, but the enterprises must notify the agency that verifies that everything has been done in accordance with the law (the Law on Registered Capital is meant) and that registration is not to be cancelled.

The Draft Law Controversy

In view of the fact that the Socialist Party of Serbia is in power, it was appropriate for it to openly present to the public the first version of its view of privatization. Thus, the Economic Council of the Central Committee of this party organized at the beginning of this month a discussion of three laws which in reality still exist only as working versions. However, this is enough at least to gain a glimpse of the trend of thought of the current Serbian "reformers." These are the law on conversion of public enterprises to combined ownership enterprises or private enterprises, the law of the Serbian Republic on property restructuring and foreign investment, and the law on the Republic Fund for Development and Restructuring of the Economy.

At the very outset Miodrag Zec, assistant director of the Serbian Agency for Foreign Investment and Property Restructuring, pointed out certain ambiguities that permeate the laws in question. The first of these is associated with the problem of treatment of the assets of enterprises which federal law regards as self-contained entities, even though two equally valid definitions could be found for these assets in dealing with the Agency, that is, business and nonbusiness assets. Zec addresses himself here in particular to the matter of public housing. It is also illogical for it to be possible to privatize these assets under two entirely different systems, in accordance with the law on housing, which provides for a single procedure for privatizing available housing, and in accordance with the concept of privatizing the assets of enterprises. Zec states that "if an enterprise wants to sell to a foreigner, this foreigner would be puzzled by these assets in the form of housing, which in effect are doubtful and disputed claims, and uncollectable at that. The housing would be part of the property with which he could do nothing."

The next matter that is not resolved by either the federal or the Serbian law is the value of assets. What, and how much, are to be privatized? The federal law adopts the accounting concept, interpretation of which varies from one firm to another. How is the problem of what the assets of an enterprise are worth on the market to be solved? This value can be arrived at by widely different methods, thus leading to widely divergent results. Application of the net asset evaluation method would lead to the finding that assets are indeed valuable but the method of evaluating earning power or profit making power would demonstrate there are absolutely no assets. A book value may be real, but assets can be overestimated or underestimated. Who is the arbiter best suited for this operation, determination of how to carry out the procedure and execute transfer of capital? Does the solution lie in noninstitutional mediation that would prevent practical problems? "It is better to institutionalize, to legalize, the matter than to create by noninstitutional mediation an unsettled situation in which no one knows just who is making decisions." Such is Zec's

response. "The agency would be a form of control, and this is entirely proper, because public property is involved."

What in Zec's opinion is unquestionable and should be supported is the fact that the conversion must be free and independent, that the enterprise should decide itself whether it is to be converted or not. An enterprise whose owners are known should result from the process. According to him, this would eliminate the possibility of simultaneous existence of public and private property, and these two forms of property cannot coexist. Unlike Zec, who is one of the resolute opponents with more or less major objections to the federal law, Oskar Kovac advocates privatization.

Kovac has pointed out the "economic senselessness" of the question raised by the proposed solution. "Why should employees buy their enterprises when they now have full and sovereign control of them on the basis of Article 3 of the Law on Enterprises, which states that 'an enterprise that is public property is to be administered by the workers.' Administration is the most important property right," asserts Kovac, "and on the basis of the constitutional changes of 1988 and the article of the law referred to, it is their right. Why should they buy something they already own and pay their money if their enterprise does not receive any benefit from it? Why undertake a conversion process at all? The entire bulk of registered capital is nationalized by the draft law, and the corresponding value of all shares and unsold capital automatically go into the state fund of the republic."

According to Dr. Kovac, this fund is represented by a group of 15 persons appointed by the government, and a government agency at that. If we investigate to determine who administers assets and disposes of them, the inevitable conclusion is that the assets in question are administered by these 15 persons, the collective owner of the capital, which is transformed by these maneuvers into government capital.

"The Constitution of the Republic does not allow any transfer of any assets without market compensation," continues Kovac. "Nor is there any basis for enacting any law on conversion of publicly owned enterprises to combined ownership and private ones. On the contrary, the first article of the Constitution, in referring to the economic and social system states that the economic system is based on the free operation of all forms of property in a uniform market, on independence of the enterprise and all other forms of organization. That is, the enterprise is to select the form it wants to assume, to determine whether it will remain a state enterprise, a public cooperative, a cooperative, or wants to become a limited liability company or something else. No one has the right to prescribe this choice for it, and on this account I believe that there is no need whatsoever for any conversion law."

Economists are also divided on the issue. Milorad Bojkovic of the PKB [Belgrade Factory-Farm] is of the

opinion that "thanks to the federal law, all the black market combinations and possibilities for carrying out privatization have been exploited. Everything not prohibited by law is permitted. I will say that the greatest malpractices are possible in the agrarian area." Commenting that Serbia should place a moratorium on the federal law and enact one of its own, Bojkovic pointed out that the agency has broad powers and that it presents the danger of state capitalism.

However, Dragoljub Vukadinovic, general director of Metalac in Gornji Milanovac, holds an entirely different opinion. "Public ownership is not to be defended, because this concept has failed everywhere. Self-management and the workers' councils were a screen for the incompetent. Restructuring took three months in our company. Now we know that all problems will be solved

by worker ownership, because it is clear now who owns the company and who makes decisions about it. In the past, it did not belong to anyone," concludes Vukadinovic, stressing the great interest on the part of the workers.

Of the total number of 1,240 employees, 1,021 have bought shares, as have 10 former workers. Vukadinovic also points out that the attitude of employees toward assets changed completely after the conversion of the enterprise, because they feel that "their own resources must be upgraded and protected. There are no more lights burning in the middle of the day or an excessive amount of sick leave or days off. The workers realize that they will be paid only if they work hard; otherwise they will receive nothing. Hence they hold their fate in their own hands."

BULGARIA

Joint Bulgarian-U.S. Law Center To Open

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[Text] Varna, May 30 (BTA)—A Bulgarian-U.S. Center will be set up with the Institute of State and Legal Sciences with the Bulgarian Academy of Sciences. This was announced yesterday at the opening of the Bulgarian-U.S. Days of Law organized by the Bulgarian Institute of State and Legal Sciences and the Southern Illinois University which sent a delegation of 12 jurists led by Vice President Prof. Charles Klasek.

Students will have the opportunity to study Bulgarian and American law, commercial law, banking law, international private law and comparative law at the center. Those who complete the five-year course will get diplomas recognizable in both Bulgaria and the United States. There will also be courses in comparative law for post graduate students. Bulgarian and American scientists will work on international research projects.

The Council of Ministers is to adopt a decision for the setting up of the new Law Center.

HUNGARY

Trade Unions Reject Social Insurance Scheme

LD2805211191 Budapest Kossuth Radio Network
in Hungarian 1000 GMT 28 May 91

[Text] The consultative council of the National Federation of Hungarian Trade Unions does not consider the present concept of the renewal of social insurance to be

mature, therefore, it does not recommend that it be submitted to the parliament in its present form. Gyorgyi B. Kiraly reports on the meeting:

As today's papers report, the bilateral talks which the federation has been awaiting for weeks will begin between the government and the federation on 3 June. The government did not ask for the opinion of the trade unions before it set the compensation funds of the energy price rises announced from 1 June. According to the proposal of the Social Welfare Ministry, the compensation will concern 400,000 households, basically families with one income, families with one or more children, and those who are permanently unemployed. According to the surveys of the trade union federation, 2.5 million people are living at subsistence level and some 1.3 million below it. This means 800,000-900,000 families. For this reason, according to the federation consultative council, it is unacceptable that only 50 percent of these families will receive compensation, and even they will only receive half of the price increase.

The consultative council, which has no power to make decisions but does have the right to form judgements, proposes that the federal council of the federation only accepts the government proposal with certain modifications. Specifically, all families with net incomes per person on or below the subsistence level calculated in May should receive compensation. Moreover, those whose incomes per person do not exceed the subsistence level by more than 15 percent should also receive support.

The federation has drawn up a nine-point package plan, which includes the issues of prices and wages and the management of social tension. Thus, these issues are expected to be discussed along with the compensation for the energy price rises at the session of the Interest Coordination Council on Friday.